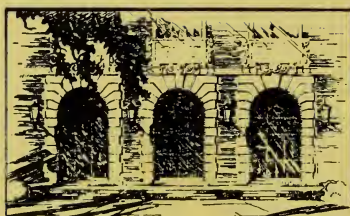


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70TH ANNUAL REPORT
OF THE
INTERSTATE COMMERCE
COMMISSION



NOVEMBER 1, 1956



UNITED STATES
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WASHINGTON : 1957

INTERSTATE COMMERCE COMMISSION

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REPORT OF THE INTERSTATE COMMERCE COMMISSION

WASHINGTON, D. C., *November 1, 1956.*

To the Senate and House of Representatives:

The Interstate Commerce Commission has the honor to submit herewith its 70th annual report to the Congress. The period covered by this report extends from November 1, 1955, to October 31, 1956, except as otherwise noted.

A statement of appropriations and aggregate expenditures for the fiscal year ended June 30, 1956, is contained in appendix F to this report.

INTRODUCTION

Our purpose in this report, pursuant to our duty under the law, is to give an accounting of our activities in the year and to inform the Congress of problems and conditions in transportation which in our judgment require its early consideration. These problems are discussed in ensuing chapters and, where legislation is deemed necessary, specific recommendations therefor are made in the final chapter.

We see the central problem as one which involves the future of carriers which provide a public type of transportation as contrasted with transportation of the type which is limited to an individual shipper.

Public transportation generally is a sound, progressive, and profitable business, but a process of erosion has been taking a gradual and persistent toll for some years. Data which follow show, among other things, that the great expansion of the country's business activity has enabled the railroads to command a larger volume of traffic, but also that their percentage of aggregate intercity ton-miles has declined. They and motor common carriers face increasing competition of exempt and private carriers. The trends involved give rise to concern.

To some extent, these trends are the inevitable effects of general conditions. The country is on the way to obtaining a modernized highway system needed to relieve congestion and reduce accidents. Such a system will become available to all types of commercial vehicles, including private and exempt vehicles. Provision of waterway improvements results in added use by private and exempt carriers in

addition to public carriers. Technological advances have put highly efficient tools in the hands of both regulated and other carriers.

Insofar as private transportation is legitimate in nature, it is not amenable to regulation except as to safety. When it is encouraged, as it has been, by the imposition of taxes on for-hire transportation, which are not applicable to private transportation, an extra artificial encouragement of private transportation is provided, to the injury of the public and other for-hire carriers. When the transportation is not legitimately private in nature, as in certain "buy-and-sell" operations, the problem becomes partly one of enforcement and partly one of legislation. Enforcement is difficult and, at least until recently, we have lacked the resources for dealing with this problem effectively. Clarifying legislation is proposed in the final chapter.

On the other hand, much for-hire transportation, and an increasing amount, is exempt from regulation by reasons of statutory provisions and court interpretations which may or may not be in the public interest but which clearly result in inroads on the traffic of carriers which serve the general public.

It has been apparent for years that the overall transportation function is being split up to an increasing extent among specialized transporters. The advantages of specialization accrue in considerable part to larger shippers and industries. Some of this specialization unquestionably is desirable and necessary in the public interest and, in any event, is inevitable. The breaking up of the remaining traffic between public carriers and carriers which serve individual shippers' interests raises, however, the basic question whether, in the long run, the public, and particularly the small shippers, will not lose the advantages of a public transportation system with its open, relatively stable, and properly adjusted rates.

The transportation charges the public pays could be lower if there were not such diversions of traffic. On the other hand, these carriers are cutting their rates where there seem to be opportunities to meet such outside competition and, in a period in which competition is at its zenith, are cutting rates on a selective basis to divert traffic from one another.

Inasmuch as some of the troubles arise from conditions which are amenable to control through legislation, we earnestly call attention to the need for giving consideration to the following subjects:

1. The increase in the scope of the agricultural commodity exemption through interpretations by the courts. We believe these interpretations carry the exemption far beyond what Congress intended.

2. The inequality arising out of the payment by for-hire carriers of the special tax on the transportation of persons and property.

3. The increasing use of private transportation which is in part due to tax inequality.

4. The narrowing of the zone of operations between contract and common carriers.

5. The use of transportation service by the Government at reduced rates under section 22 of the act.

While we do not include a recommendation relating to the dry bulk exemption of section 303 (b), we previously have informed the Congress of our support of bills which would limit the application of this exemption.

We consider these recommendations to be constructive. On the other hand, railroads requested legislation in the recent session of Congress and again may press for legislation that would give them greater freedom in ratemaking. We discuss this proposal briefly at page 8. While this legislation might seem to provide greater opportunities for railroads to hold and advance their interests, the effect actually would be a debilitation of not only railroad transportation but also public transportation in the motor and water fields.

The recommendations offered herein embrace not only the important subjects mentioned above but also other important and some less important subjects. We urge the consideration of these recommendations because of their bearing on the public's interest in a sound and balanced system of transportation at reasonable and nondiscriminatory rates. Each recommendation has the unanimous approval of our membership, and none has been included which is not indicated in our experience to be essential or desirable.

TRANSPORTATION DURING THE YEAR

Carriers generally fared well in the year covered by this report in terms of traffic, though increases in costs proved troublesome. Various innovations in the tools and practices of transportation were introduced or extended. Legislative proposals embraced some which would change the scope of regulation in a fundamental way. We were called upon to deal with a very great number of complex issues, in addition to the performance of a large aggregate volume of work.

The general state of the country's business health, conditions affecting particular areas or classes of traffic, and what may lie ahead necessarily are matters of continuing concern to regulated and other carriers.

The year 1955 proved to be outstanding. As the period covered by our last report drew to a close, there was general belief, despite misgivings as to certain developments, that the existing very high levels of production would carry into 1956. Predictions early in 1956 were generally that the first half year would be highly prosperous,

but there was, of course, less definite indication of what the second half would bring. The many indexes used in forecasting received assiduous study and comment. The index of industrial production kept ahead, month by month, of the index for 1955 except in July, when the steel strike occurred, but the difference in the indexes for the 2 years declined sharply in May as the result of a moderate decline that lasted through June. The increasingly mixed showing of various of the indexes as the year progressed led to some questioning of where the economy was heading and to predictions that the third quarter would be a relatively low one but that an upswing in the final quarter would make 1956 a record year. Increased attention was given to such factors as the decline in sales of new automobiles and in housing construction, the rise in manufacturers' inventories, the farm situation, the high level of consumer credit, and the uncertain foreign situation. On the other hand, expenditures for expansion and modernization of industrial plants were at record levels, personal income advanced as the result of higher wage rates and new peaks of employment, exports went higher, retail sales were high, and corporate profits were good. The moderate rise in the cost of living and the somewhat greater rise in the index of prices of industrial goods, while they had repercussions, were of concern more largely as to what they might portend. Increases in transportation rates and in taxes paid in transportation operations were referred to as factors in the rising cost of living. Higher interest rates came about as a reflection of an unusually heavy demand for credit in relation to the available supply of loanable funds and of labor and materials. These higher rates had a holding effect on inflation, though they created difficulties for carriers.

The broad trends in the year are reflected in the increase in gross national product from \$391 billion in 1955 to \$408 billion at an annual rate in the second quarter of 1956, with predictions that the final figure for the year will be higher. A part of this increase was caused, however, by advances in prices. The index of industrial production was generally steady through September, but it had been 11 points higher in January than it was in January 1955. The year 1956, according to information available at this time, will be a record year for the country's economy as a whole.

All forms of property transportation subject to our jurisdiction, except electric railways, carried more traffic and had higher revenues in 1955 than in 1954, and such was the case in most respects in the first 6 months of 1956 in comparison with the same period of 1955. The diverse showing as to net income is pointed out later herein. Rising costs, the passenger-train service deficit, the "small shipments" problem, and interagency competition continued as some of the difficulties faced by various of our carriers.

CHANGES IN TRAFFIC, RATES, AND COSTS

The tremendous growth in demands for transportation service and of the economy as a whole, together with significant changes in the relative standing of the different forms of transportation, from 1939 to 1955 is shown graphically in the chart at page 44 and is discussed in detail beginning at page 42.

Total intercity ton-miles of service provided by for-hire and private carriers (exclusive of coastwise and intercoastal water carriers, for which data are not available) more than doubled between 1939 and 1955. Ton-miles per capita were 7,673 in 1955, an increase of 85 percent above 1939.

Other data indicate continued expansion into 1956. Tons carried, for example, showed the following increases in the first half of 1956, compared with the same period of 1955: Railroads, 11.5 percent; larger class I motor carriers, 5.9 percent; larger water carriers, 8.6 percent; and oil pipelines, 10.8 percent. Rail tons in the next 3 months declined 6.8 percent and tons carried by the larger motor carriers fell 1.1 percent, each in comparison with the same quarter of 1955. The steel strike was a factor in these later showings. For the first 9 months the increases were 4.8 percent for railroads and 3.5 percent for larger motor carriers.

Railroad passenger business continued its postwar decline, although at a slower pace. Passenger-miles decreased 7.5 percent from 1953 to 1954, and 2.6 percent from 1954 to 1955, but in the first 7 months of 1956, there was a decrease of less than 1 percent below the same period of 1955. Revenue, however, was higher by about 2.3 percent in the 7-month period. The first half of 1955 was, however, a lower period than the second half. Revenue per passenger-mile increased slightly to 2.54 cents or 2.4 percent for coach travel and to 3.40 cents or 2.4 percent for parlor- and sleeping-car travel.

Revenue from pullman operations in the first 7 months of 1956 showed an increase of 3.2 percent, and there was a slight increase in passenger-miles. Revenue per passenger-mile increased to 1.35 cents or 3.0 percent.

The general increase in freight charges and passenger fares, the pending applications of certain railroads for further increases in freight charges and passenger fares, and other rate developments are discussed in the chapter, Rate Proceedings and Other Rate Activities.

SMALL SHIPMENTS

The number of small shipments continues to show an increase and is extraordinarily large. The total revenue produced is substantial, but, as we have noted in prior reports, small shipments are "problem

traffic" to a considerable extent owing primarily to the high costs of handling individual shipments. Some of the services, particularly rail less-than-carload service, do not meet shippers' needs in various respects, and some forms of transportation, notably the railroads and the Railway Express Agency, are losing money on such traffic.

Carriers and shippers continued their efforts to deal with the problem. Transportation by air, especially air freight, grew, and ground carriers effected additional tieups with air service. One parcel delivery carrier obtained new operating rights and is requesting additional authority for specialized truck delivery of small packages in a service intended to compete with parcel post. Some buslines also are obtaining needed additional revenue from "express" shipments carried at little extra cost. See also *Freight Forwarders*, page 34.

The cooperation of shippers is essential if there is to be any real improvement in dealing with this problem. It could include better planning and scheduling of shipping and receiving department operations, keeping these departments open longer each day, providing adequate dock space, and sorting shipments by carrier. Consolidated pickup and delivery services also were considered by carriers. Shippers discussed these various possibilities with motor carriers during the year.

The Railway Express Agency, which pioneered in the small-shipment field, continued to face difficulties and to be unable to remunerate the railroads adequately for rail services. It continued its efforts to obtain more traffic, further modernized its facilities, and increased its use of air service. Further advances in express rates were made.

In the first 8 months of 1956 express revenue advanced 4.3 percent over the same period of 1955 to \$251.9 million; other revenues declined from \$3.3 to \$3.2 million; and total operating expenses increased 7.4 percent. Payments to others for "express privileges" declined from \$91.1 to \$89.6 million, and class I railroads received 2.5 percent less than in the prior period.

Revenue from zone-rate parcel post operations, a chief competitor of the Express Agency, increased 1.4 percent in the fiscal year 1955 over the fiscal year 1954, but the number of pieces handled and aggregate weight of shipments declined 4.7 and 5.8 percent, respectively. Both the Express Agency and parcel post are being affected by specialized parcel delivery services. Continuation of Express Agency service is possible only by setting up drains on railroad earnings. Many shippers need the service, but means have not yet been found to make it self-supporting.

Tons handled in railroad less-than-carload service declined from 24.4 million in 1946 to 7.0 million in 1955, or 71.3 percent. Revenue

from this service fell from \$479.8 million in 1946 to \$280.9 million in 1955, or 41.5 percent, even though the rate level was higher in 1955. Some of the diversion was, of course, to freight forwarders. The decline in tons handled continued in the first 6 months of 1956, showing a 1.4-percent decrease under the same period of 1955, but revenue increased 0.8 percent. The index of manufactures (durable and non-durable goods) rose 6.3 percent in the same period. Certain railroads continued their efforts to improve service through modernization of freight houses and their equipment, use of special-device cars, co-ordination with motor transportation, and otherwise. Nevertheless, these operations as a whole showed a loss, and shipper complaints continued.

Water carriers now do little in this field. In 1955, the larger ones handled only 268,916 tons of less-than-carload traffic as compared with 314,767 tons in 1954.

Some motor carriers of property are largely dependent upon this class of traffic. Common carriers of general freight with \$500,000 or more of operating revenues transported 185.3 million less-than-truckload shipments in 1954 and 5.3 million truckload shipments (10,000 pounds or more). Their less-than-truckload shipments were 46.3 percent of the tons carried and produced 62.5 percent of the freight revenue. The average less-than-truckload shipment weighed 543 pounds and produced revenue of \$7.19.

Motor carriers discussed the small-shipment problem extensively during the year, and continued their efforts to cope with terminal and other problems involved in such shipments. Their proposals to increase rates or minimum charges on small shipments are resisted by shippers. We have held against the use of surcharges on such shipments.

Some changes are being made in handling small-package shipments through specialized delivery services in State areas and on a wider scale. Combinations of line-haul motor service with various local delivery services, including parcel post, are being used in some instances, and air service also is used in some types of parcel operations. The traffic handled is generally in the form of commercial shipments.

INTERAGENCY COMPETITION

Our work relating to rates, applications for operating authorities, and certain applications to unify carrier properties so commonly involve keen interagency competition as to make it almost a truism to say that carriers commonly cannot make a move without casting up the possible reactions of competitors in another field of transportation. There are, to be sure, many rate adjustments and applications for rights which are not protested and some unopposed applications to

unify under section 5. However, these relate to the minutiae in an endlessly evolving pattern of rates and services rather than to significant carrier efforts to advance or fortify their positions. While some such efforts evoke opposition from only within a branch of transportation, a great many others reflect a crossing of interests between modes of transportation.

The competitive forces let loose by modern technologies and public provision of transportation facilities, with or without compensation therefor by the users, result, among other things, in an increasing volume of exempt and private transportation. As noted earlier, specialization in transportation further erodes the business of carriers dedicated to the service of the general public. The data given at pages 43-46 throw light on the changing role of regulated carriers.

Criticism of how we decide particular issues can be expected. In railroad and some shipper quarters, a more general attack on the quantum of control needed over competitive ratemaking has been afoot for several years. It is a basic tenet of the Interstate Commerce Act that the initiation of changes in rates is a prerogative of management and that it is our function to exercise only that measure of restraint that is required to advance the public interest in a transportation system that is as strong in its several parts as the conditions inherent in the several modes of transportation make possible. We have such a strong transportation system today and at the same time a variety and availability of service never before enjoyed.

The railroads, with farflung lines and a rate structure brought down from a day when conditions were different, necessarily had to make great adjustments in the face of outside competition. Railroads continue to be of most vital importance and remain the core of the transportation system needed in peace and war. They have been given a large amount of freedom in adjusting their rates, but seek more freedom and assert that regulation thwarts an expression of their economic advantages in their rates.

This issue came into sharp focus in the report of the Presidential Advisory Committee on Transport Policy and Organization and, more specifically, in the railroad proposals to amend section 15 (a) by the insertion of the so-called three "shall nots." Our position as to these proposals was made clear to the Congress in connection with hearings held during its last session. To keep repetition to a minimum, we merely will say here that conditions in transportation do not require and the public interest in a sound transportation system does not permit so serious a removal of the ratemaking restraints as was proposed in the "shall nots." We do not minimize the difficulties in carrying out the terms of the present act and the national transportation policy, but they are inherent in the maintenance of

an energetic, forward-looking transportation system free from debilitating excesses of competition. As pointed out in our legislative recommendations, there are certain fundamental corrections which are appropriate to the preservation of a sound transportation system.

Reference has been made in several preceding reports to the need for data which would reveal the effects of competitive rate reductions. An exploratory staff study of the effects of both reductions and increases in rates has been progressed.

INTEGRATION

The three major developments in the year in the way of bringing diverse forms of transportation into working relationships were the expansion of so-called "trailership" operations, discussed under "Water transportation," the spread of trailer-on-flatcar (T. O. F. C. or "piggyback") operations, and the engagement of railroads in additional motor operations through grants of rights or authority to acquire motor carriers.

While T. O. F. C. operations are not confined to an integrated type of service, as many railroads partly or exclusively transport their own traffic in such operations, it is convenient to discuss the operations as a whole at this point.

According to tariffs on file with us, about 42 class I railroads now engage in T. O. F. C. operations, though some are intermediate carriers only. For various reasons, including lack of adaptability of rail traffic to this type of service, shortness of hauls, satisfaction with the competitive position of present rail or rail-motor service, or interest in other types of equipment, twice this number of class I railroads are not engaged in such service.

The great growth of interrailroad operations now results in providing T. O. F. C. service over large areas of the country and between sections. Data are not currently available as to the volume of traffic handled in T. O. F. C. service, but a trade publication stated late in 1955 that 4,318 trailers were handled by 30 railroads in the peak week of that year, whereas during the fall of 1956 it reported one railroad had handled 4,000 trailers per month.

That shippers attach importance to rates in determining whether to use this service appears to be indicated by the decline in T. O. F. C. traffic which followed the increase in railroad rates granted in Ex Parte No. 196. This decline lasted until motor-carrier rates were advanced. As of October 1, 1955, 27 railroads reported the ownership of 2,259 freight cars with special equipment for the transportation of trailers; a year later 30 railroads reported ownership of 2,502 such cars. Other flatcars not so designated also are used. In the year, a private car line, formed by a railroad and a noncarrier

for the purpose of providing a pool of cars and now with 5 railroads and the noncarrier on its board of directors, acquired 500 freight cars equipped to handle 2 trailers and is reported to have 1,000 1-trailer cars on order.

Refrigerated service became available in the year. Much work was done in the development of improved types of cars and of devices for speeding up transfer of trailers to and from cars and effective fastening of trailers to cars. It should be observed, however, that the related question of unitization of shipments through various types of container received much additional attention in the year. Additional terminal facilities were provided for T. O. F. C. operations. It is possible for railroads to contract for the service of loading and unloading cars and to lease terminal facilities. Difficulties are being reported in obtaining loaded hauls on return movements of equipment.

The introduction of a new type of service which caters in some instances to motor common carriers but in others is devoted solely or partly to railroad shipments, and with contract motor carriers and shippers served in some instances, necessarily has resulted in additional complex questions being brought to us in the year. Without doubt, motor carriers in many instances are facing a new kind of competition, under which better rail service is provided at rates generally equal to motor rates and minimum weights.

Motor common carriers have been watchful of our decisions on these issues and have appealed according to their interests in particular cases. In *Truck Trailers on Flatcars, Utah, Idaho, Oreg., & Wash.*, 298 I. C. C. 533, we found that railroads may substitute motor service in connection with T. O. F. C. hauls. Pending are complaints against a tariff which provides for substitution, at railroad convenience, of rail boxcar service for T. O. F. C. service between points in 10 western States. (I. and S. No. 6649, Substitution of Rail Regular for Trailer-on-Flatcar Service.) Also, motor carriers' complaints have caused us to reopen I. and S. M-3035, *Substituted Rail Service by Red Ball Transfer Co.*, 52 M. C. C. 75. The issue is whether a motor carrier with a circuitous route may use a more direct route by utilizing T. O. F. C. service and thus lessen or eliminate a service disadvantage. Continuing adjustments of rates resulted in other complaints.

Another phase of integration is the operation of facilities of one type of transportation by a carrier of a different type. Such use is predominantly that by railroads of motor facilities, whether directly, through subsidiaries, or under contracts with independent motor carriers. Railroad use of water transport facilities has been confined, both by statutory prohibitions and economic conditions, essentially to operations in ports or relatively short ferrying of railroad cars.

A western railroad, through subsidiaries, has broken with precedents in its construction and operation of a pipeline and entrance into arrangements (subject to our approval) with air lines for an integrated freight service, in addition to its large network of motor-carrier operations auxiliary to its rail service. It also has announced arrangements for sale of air line tickets.

There were further grants of authority for the conduct of motor freight operations by or for railroads in the current year. Some 14 roads obtained authority for about 121 additional routes. Most of the routes were not extensive in length, however; 17 were for use as alternates for routes already authorized and 8 were extensions of existing routes or for use as joinders of existing routes. Opposition was encountered as to about 66 of the routes. Conditions to require that the motor service be auxiliary to or supplemental of rail service were stipulated in almost every instance.

The most important recent grant of new rights authorized the New York Central Railroad Company to operate 46 routes in substitution for rail service in Massachusetts, New York, Pennsylvania, Ohio, Michigan, Indiana, and Illinois. This railroad already had motor operations on its Big Four division and on its lines west. We granted authority in the case of 5 railroads for motor transportation of passengers or baggage and various types of headend traffic on the removal of passenger trains over a total of 11 routes. The application for only 1 route was opposed. Prior or subsequent movement by rail was required in 4 cases.

Payments by class I railroads to others for the performance of substitute highway motor service increased from \$29.1 million in 1954 to \$33.4 million in 1955 as to property operations and only slightly (from \$1.516 to \$1.523 million) as to transportation of persons. Tons carried increased from 3.164 million to 3.209 million, and the average haul increased from 69 to 72 miles.

In a decision which involved issues of general interest, we granted the application of Pacific Motor Trucking Company, a subsidiary of the Southern Pacific Company, to purchase the operating rights and certain property of Pacific Freight Lines. *Pacific Motor Trucking Co.—Pur.—Pacific Freight Lines*, 70 M. C. C. 5. The effective date of the order in this proceeding was postponed. A number of other purchase applications were granted or denied. Our decision in *Rock Island Motor Transit Co. Com. Car. Application*, 63 M. C. C. 91, in which we approved the issuance of a certificate to a railroad subsidiary to perform all-motor operations, is on appeal to the Supreme Court by trucking interests. We there found that the public interest, owing to the special circumstances prevailing, required the granting of authority to applicant without imposition of the condition that the

service shall be "auxiliary and supplementary" to rail service, which we generally have attached to grants of new rights or of authority to acquire motor carriers. We have, however, also approved modifications of key point or pickup and delivery restrictions and thus have permitted more extensive substitute service where such service conduces to economy in rail service. In the year there were such modifications in connection with the operations of several railroads. No opposition was entered in some of the cases. Other applications of a similar nature are before us.

Integration also can be achieved by means of through routes and joint rates between diverse modes of transportation. Provision for such routes and rates between rail and motor carriers has been of limited extent for many years. Recently, such arrangements have come into use in connection with T. O. F. C. operations, but again not extensively. The generally limited use of such arrangements between railroads and water common carriers and between motor and water carriers is shown in an ensuing discussion of water transportation.

SERVICE, FACILITIES, AND EFFICIENCY

Pervasive competition and advances in many fields of technology have led, on the one hand, to many, even bold, advances in railroad plant, service and efficiency through capital expenditures and greater application of scientific methods to operating, personnel, accounting, and other problems. On the other hand, railroads appear recently to have accelerated their efforts to find means of eliminating or combining existing, often old, facilities to achieve better adjustments to the jobs that require doing under today's changed conditions.¹

The freight car is, in a sense, what produces the railroads' living. Considerable attention is being given to providing cars with greater appeal to shippers and of better characteristics in other respects. Thus, boxcars with more or wider doors and with load separation devices are being added to speed up loading and unloading and to lessen stowage and damage problems; improved car floors are being provided for service and maintenance reasons; gondolas with removable metal covers for protection from weather conditions are increasing in use; and efforts to reduce shocks that damage both lading and cars have been carried further on all types of cars.

Recent widespread adoption of steel wheels, steel alloys in car bodies, snubbing devices in car trucks, and other devices have improved the safety, shock-resisting ability and reliability of cars. Several other improvements have not yet been adopted widely and

¹ Discussion of the similar problems of other carriers, so far as such problems exist, and of how they are being met is found in later sections relating to such carriers.

some are being given further development and testing. Mechanical refrigeration, introduced in 1948, was provided on about 28 percent of the refrigerator cars ordered in 1955. This development enabled railroads to compete more effectively for frozen-food traffic.

The obvious advantages of standardization of cars have not been overlooked, though much more could be done in this direction without interference with experimentation or with the further development of special-purpose cars. These cars, increasing in number, achieve improvements of service when carefully adapted to the job they are called upon to do. Their special features relate to the fittings of cars rather than to the car body or running gear. Interesting experimentation on radically new designs of car bodies and car trucks and service tests of certain cars of this design are in the current picture. This development involves a new type of four-wheel car. This departure from the traditional eight-wheel car can effect savings in cost and weight.

In recent reports we have referred to the hot box as "a key difficulty" in railroad operations because of the accidents, delayed service, and excessive costs traceable to the weak features of the standard solid or plain journal bearing assembly. The problem has become more serious with, among other things, present higher train speeds and need for maintaining high standards of service reliability in the face of competition. Efforts to get at the causes and to deal with this problem in an effective way continued in the year. On the one hand, use of the roller bearing has increased and its use is not as limited as it formerly was to cars which will remain on the owning carrier's line. While less than 2 percent of all cars in service are so equipped, a few roads have a substantial percentage of their cars equipped with roller bearings.

The other approach, which involves lower first costs, is through better design or lubrication of plain friction journal bearings. Adoption by the Association of American Railroads of a standard for bearings which prohibits the use of loose waste without retaining devices in bearings on cars built or rebuilt after August 1, 1957, and on any car used in interchange service after August 1, 1960, can effect improvement.

Progress has been made in recent years, but much more needs to be done.

The revolution in motive power which the diesel-electric locomotive caused continues to provide very large savings. In the first 8 months of 1956 about 89 percent of freight and 82 percent of passenger train-miles were produced with such power. The use of oil-burning

gas turbines continues to expand and other types of locomotive are the subject of experimentation.

Continued application of heavier rail, better quality rail, greater use of welded track, and better track materials are evidences of efforts to provide sturdier tracks that will require less maintenance work.

Centralized traffic control, advances in signaling, and more applications of train communication have contributed very substantially to better and faster train operations. Both freight and passenger service derive benefits from these developments. These advances and greater train lengths associated largely with diesel power, however, have revealed more forcefully how old-style classification yards can impede overall improvement of freight service. Additional electronically controlled, fully mechanized ("pushbutton") classification yards were placed in service in the year and others are under construction. These yards illustrate a kind of automation. They are an important part of the answer to the continuing problem of attaining greater output of service per car and better service to shippers. They also effect economies through concentration and easier performance of classification work, with abandonment or less use of old or small yards. The need for more yards of the advanced type is very great. Only a few railroads have more than one such yard and several have none.

The passenger car or train recently has taken on a number of new and in some instances radically different forms. Complete trains with all passengers seated at dome level came into use. Large-capacity room sleeping cars for coach passengers are another recent innovation. Modern self-propelled diesel cars are in use in several new areas, in mainline and commuter service. Cars or trains which embody the most radical changes in the form of low-slung, lightweight cars have been given tests or are in process of manufacture and a few are in revenue service. The objectives include rider appeal, lower first costs and operating expenses, and faster speeds, especially on curves. The results of test runs and surveys of riders' opinions of these trains are being studied. A new coach of large seating capacity and a weight per seat comparable with that of the more radical car types, and with ability to intercouple and operate in trains with conventional cars that is lacking with most of the newer type trains, was introduced in the year. Commuter cars of high capacity also are being put in service.

The efforts of the railroads and builders in these various instances are particularly welcome in that they show a willingness to give time and money to experimenting which may hold promise of checking the decline in passengers carried. Other efforts include specific fare adjustments, improved methods of selling tickets and making reser-

vations of space, improvements in stations, and further cooperative arrangements for rental of automobiles at the end of train trips.

As mentioned later herein, we permitted increases in basic fares and in commutation fares and have before us applications of certain railroads for increases in first-class and coach fares. Continuing losses in commutation service led in the year to further suggestions that public authorities take over railroad facilities and contract for their operation by railroads. Such an arrangement, among other things, would relieve the railroads of a tax burden that is a substantial factor in the deficits incurred in this service.

The compensation which railroads receive for the transportation of mail is again before us by reason of petitions filed by eastern and southern railroads.

The various improvements described have called and will continue to call for large expenditures. Many of these expenditures pay for themselves in a short time; others provide less tangible benefits.

Good freight service comprehends the factors of delivery time, reliability, safety and freedom from loss and damage, and, in some instances, ability to trace shipments promptly. It is one of the accepted facts of transportation that railroad service is reliable in the sense of its being able to cope with most adverse weather conditions. It is unreliable, however, insofar as shippers cannot get assured delivery or the cars they need when they need them. The serious car shortages that existed in part of 1956 are discussed elsewhere herein. The ability of railroads to adapt their train service to the particular needs of individual shippers is, of course, limited. Steps continued to be taken during the year to speed up deliveries of freight. Improvements in lines, signals, yards, and rolling stock have contributed to the shortening of time schedules in a substantial number of instances.

With a vast fixed plant developed over the years, largely on a competitive basis, there is need for adjustments of facilities to present traffic conditions and increases in maintenance, tax, and other costs. Adjustments of this nature have been made from year to year, but, as stated, it appears that more deliberate and sustained thought now is being given to this problem of excess facilities. A specific example is the recent action of 2 eastern railroads which involves the common use of 1 carrier's New York passenger terminal, abandonment of a ferry operation, and removal of part of the other carrier's terminal facilities. These railroads are reported also to be effecting unifications of freight facilities at other points. Certain eastern railroads have embarked upon plans for the sale of passenger stations whose sole use for passenger service is considered no longer justified. The stations would be made available for development by others, with leasing back to the railroads of facilities they require. In some instances valuable land

can be put to other uses. Reduction of the number of tracks on two-track or multiple-track lines, made possible by centralized traffic control and other improvements, effects savings without sacrifice of efficiency or capacity. Several railroads have turned to this source of economy. Abandonments of rail lines or of passenger service continued, though authority has not been granted to effect all of the abandonments sought. Some railroads are reported to be making broad surveys of their lines to provide the basis for a policy decision as to retention of such lines or application for abandonment of certain segments of them.

We referred in our last report to the possibilities of effecting economies through, for example, unifications of terminal facilities and to the desirability of more analyses of the benefits which consolidations might confer. Aside from situations, such as the unification of certain New York passenger facilities, referred to above, little has been done in this regard in the present year. Elsewhere, we discuss the applications pending before us for mergers or acquisitions of control of railroad properties. Other proposed consolidations have been publicly discussed. Traffic considerations figure prominently, however, in some of these applications. We also have referred to the possibility that more consideration should be given to the pooling provision of the act and to the elimination of parallel trackage through greater use of trackage rights, either by use of "paired track" or by eliminating or downgrading one or more of the main lines. There was only limited action in the way of new pooling or new use of trackage rights in the year and relatively few efforts were made to reduce losses in passenger service through elimination of duplicating trains on parallel railroads.

Other steps by which railroads have attained or laid the basis for attaining greater efficiency include, among many others, reorganization of staff setups, reductions of number of divisions, greater attention to recruiting and on- and off-job training (made more necessary by the more complex facilities now used in railroad service and by competitive conditions), and establishment of standards of work performance. Other matters which have received attention include research and testing, means of reducing loss and damage claims, application of electronic and other devices in accounting, better planning of intra-railroad and interrailroad reports, and improvements in maintenance practices through mechanization, concentrations of work, and cost controls.

A discussion of measures of efficiency appears later herein.

The pursuit of higher levels of efficiency is an unending task. It is clear that the railroads have much to do, despite their accomplishments to date. The examples given above show what certain railroads are doing in certain areas of improvement. The wider adoption of

what has been proved good in these instances is a real need. There still are many excessive or obsolete railroad facilities. Such facilities are a burden on costs and service.

MOTOR CARRIERS OF PROPERTY

As stated in our last report, the almost uninterrupted increase for many years in the business of intercity motor carriers of property subject to our jurisdiction came to a halt in the third quarter of 1953. The final quarter of 1954, however, saw a resumption of the upward trend in revenue, although ton-miles of classes I, II, and III intercity carriers still were lower in 1955 than in 1953. Operating revenues of 783 class I carriers with revenues of \$1 million or more² were \$3,217 millions in 1955 or 15.5 percent more than in 1954; tons carried, 221.1 million, also increased 15.5 percent. Vehicle-miles were 13.7 percent higher. The operating ratio declined from 96.5 to 95.8 percent, and net income (after income taxes of corporate carriers only) was 46.4 percent higher. According to a staff estimate, average revenue per ton-mile of all class I intercity carriers was 6.351 cents in 1955 or 6.0 percent more than it was in 1954. For class I railroads the average was 1.370 cents, or 3.6 percent less than in 1954. In 1946 the motor and rail averages were 4.257 and 0.978 cents. Comparisons of these averages are affected by differences in average hauls and consist of traffic.

In the first half of 1956 the intercity freight revenue of the large intercity carriers increased 7.9 percent above the revenue in that period of 1955, but the increase in the second quarter was 7.4 percent as compared with 8.3 percent in the opening quarter. The falling off is traceable to the reduction of 9.0 percent experienced in contract carriage in the second quarter as compared with an increase of 7.2 percent in the first quarter, each quarter compared with the same quarter of 1955. There was a decline of 1.1 percent in revenue from contract carriage in the half year. It seems likely that this showing was affected in part by the decline in the production of automobiles. In common carriage, on the other hand, there was an 8.4 percent increase in each quarter. Total tons carried were 5.9 percent higher in the half year (common carriage, 6.4 percent, and contract carriage, 1.2 percent). The operating ratio rose from 94.6 to 95.9 percent, and net income was 24.8 percent lower in the first half of 1956 than in that period of 1955. Average revenue per ton, \$14.38, was 1.8 percent higher (common carriers, an increase of 1.9 percent; contract carriers, a decrease of 2.3 percent).

² Class I carriers at this time are carriers with average annual operating revenues of \$200,000 or more. Beginning with 1955, quarterly releases of statistics are confined to carriers with \$1,000,000 or more of revenue. As noted above, 783 such carriers were covered in the annual summary of these releases for 1955. In 1954, 2,026 carriers were so covered. Additional data on motor carriers are given in appendix A.

While total operating revenues of the larger class I intercity carriers were 7.8 percent greater in the first half of 1956 than in the same period of 1955, the Pacific region had a 23.6-percent increase and the central region only a 2.4-percent increase. The large advance in the Pacific region and the 22.6-percent increase in the Rocky Mountain region reflected to a considerable extent the shutdown in 1955 on the part of many carriers because of labor-management difficulties. The small increase in the central region was in the main the result of a 7.9-percent decline in the revenues of common carriers of special commodities in the second quarter of 1956. It appears that this decrease was the result in part of the lower level of production of automobiles. Data are not presently available as to the effects of the steel strike of July on the business of motor carriers.

Undoubtedly, the most important event of the year was the enactment of the Federal-Aid Highway Act of 1956 and the companion Highway Revenue Act of 1956 (70 Stat. 374 and 70 Stat. 387). Construction of the 41,000-mile interstate system of highways is to be financed 90 percent by the Federal Government and 10 percent by the States. Motor carriers and other users of motor vehicles now are paying additional taxes in return for needed better highways in the future. The effects of this accelerated roadbuilding program on carriers subject to our jurisdiction and on our work necessarily cannot be seen clearly at this time. It is to be anticipated, however, that important changes in carrier operations and operating practices and in channels or methods of distribution will result. While taxes are higher, the modern interstate system now made possible will provide limited access highways of greater width and with lower grades and less curvature. Such highways can lead to shortening of schedules through higher and better sustained speeds and to reductions of costs through making fewer shiftings of gears or full stops possible and by reduction of accidents. A commendable feature of the legislation is its provisions for subsequent reviews of basic issues involved in so vast and complex a program. We are directed to assist on one such review and have advised the Secretary of Commerce of our desire to cooperate. Provision also was made for an increased level of regular Federal aid for a 3-year period. This smaller program calls for equal Federal and State funds for construction of roads not on the interstate system and of streets. It necessarily will be a number of years before a large segment of the interstate system, planned for the most part a good many years ago, will be available; the entire program is stated in terms of 13 years.

This legislation has certain repercussions on toll roads and plans for further construction of such roads. Toll roads generally have been a financial success, though some have experienced difficulty and

there have been complex problems to overcome in reaching bases for tolls on certain roads which would make such roads attractive to commercial users. Additional mileage came into use in the year and other mileage was under construction. Most of the mileage is in the densely populated eastern part of the country. Provision of connections between State systems made movements for long distances possible. The future of toll roads received considerable discussion in terms of the possible adverse effects of the interstate system, of the possible inclusion of some toll roads in that system, and of the question of removal of tolls when outstanding debt has been retired.

Labor, and to some extent other costs, as well as the taxes, of motor carriers of property went up in the year. A considerable number of labor contracts were negotiated without interruptions of service. There were no strikes over large areas. Some of the new contracts will run for a substantial period. We did not suspend tariffs carrying increased rates and charges submitted in behalf of carriers operating in or between the various regions. These increases generally were equivalent to the 6-percent increase granted railroads in March. Reductions in minimum weights of certain motor carriers in central territory gave rise to strong motor carrier and railroad complaints. Continuing competitive adjustments of the rates of motor and other carriers are discussed briefly elsewhere herein. Other rate matters are covered in the chapter on "Rate Proceedings and Other Rate Activities."

Carriers made efforts on many fronts to control costs and improve their service. Manufacturers, in cooperation with carriers, produced vehicles of larger cubic capacity, constructed with lighter weight materials, and equipped in various instances with bodies specially designed to do specific transportation jobs. On the other hand, considerable emphasis was given to standardization as a means of achieving economies and better operating practices. Improvements in power and other design features and in tires and greater use of diesel power occurred. Factory sales of heavy vehicles (unladen weights of 16,000 pounds or more) increased 30.6 percent in the first 7 months of 1956 as compared with that period of 1955 and were 20 percent of total truck sales. Factory sales of all trucks were 12.4 percent lower.

Much capital went into the provision of modern terminals, designed and equipped to accelerate service and reduce costs. The key position of terminals in the control of costs and the maintenance of proper standards of service caused much attention to be given to the training of personnel, preparation of operating manuals, and evaluation of different types of handling devices. Pooling or other means of achieving greater efficiency in pickup and delivery operations also

received consideration. Additional shop facilities were provided, and training was stressed as means of improving maintenance practices in the interest of lower costs, shorter tieups of equipment, and safety.

Prevention of loss and damage claims gave the industry much to think about. Office and terminal work benefited by the provision of better means of communication. Interchange of trailers between carriers grew and was being encouraged as a source of savings and improved service. Lack of standardization of electrical coupling devices continued to be a drawback to such interchange. Unifications of carriers, discussed elsewhere, also had the objective in part of reducing costs. Selection of personnel and encouragement of education in transportation received considerable emphasis.

Problems which concern the industry, aside from costs, include leasing practices, the spread of exempt transportation, the presence of actual or potential private-carrier competition, and the continuing large volume of applications for new or extended rights. What are regarded as railroad encroachments by way of acquisition of operating rights or of motor-carrier properties often resulted in protests. Rate and service competition, including competition of certain trailer-on-flatcar operations, is mentioned at other points. Competitive conditions among branches of the regulated motor-carrier industry showed up, among other ways, in proceedings which involved interpretations of operating rights and changes in the status of carriers, as from irregular- to regular-route operations. Subjects outside our jurisdiction include State regulations of maximum size and weight of motor vehicles and taxation. On the whole, motor carriers fared well in the States in the matter of securing more liberal size and weight limits. The new Federal road legislation, pending further factfinding steps, sets up limits for vehicles using the interstate system or permits observance of existing State limits, whichever are greater. State taxes and fees were increased in various instances. Reciprocity problems continued, with increased acceptance in the West of the program under which a given carrier's vehicles are registered in the various States in numbers which reflect the relative mileage operated by the carrier in the respective States.

Many applications for increases in transportation charges received varying degrees of approval by the State commissions. In addition to paying higher excise taxes incident to the new highway program, users of commercial vehicles are called upon to pay a special user tax of \$1.50 per 1,000 pounds on vehicles of a gross weight in excess of 26,000 pounds. This tax is causing the industry concern because of administrative difficulties and its varying and special effects on different types of users. Increases in general interest rates created added difficulties in financing purchases of motor-carrier equipment.

The industry is taking steps looking to the provision of means of financing equipment purchases through an industry agency. There were a few more instances of carrier stock being offered to the public.

Class I local motor carriers of property with \$1 million or more of revenues, which numbered 67 in 1955, had a 15.5-percent increase in operating revenues in that year as compared with 1954 and a 14.9-percent increase in expenses. The operating ratio declined from 96.0 to 95.5 percent. The second half of 1955 showed an increase in revenues of 19.9 percent and the first half of 1956 a 16.3-percent increase, both compared with the same periods of the preceding year. The operating ratio advanced from 90.2 in the first half of 1955 to 91.0 in that period of 1956.

As noted later herein, classes I, II, and III motor carriers, intercity and local, had operating revenue of \$5,846 million in the year ended June 30, 1956, or 5.6 and 23.4 percent more than in the calendar years 1955 and 1954. Intercity revenues in common-carrier service of classes I-III intercity carriers were \$4,259 million in 1955, or 12.3 percent above 1954, and revenues in contract-carrier service were \$468 million, or 35.7 percent above 1954. Ton-miles of intercity motor carriers of the 3 classes aggregated 75.1 billion in 1955, or 8.2 percent more than in 1954. Total motor-vehicle ton-miles, for-hire and private, increased 5.4 percent. While the relative increase in ton-miles was greater for the regulated motor carriers than for the private and exempt carriers, it is pointed out at page 46 that the reverse has been true when a longer period is considered.

MOTOR CARRIERS OF PASSENGERS

The intercity bus industry, which performed an exceptionally large volume of service during World War II, has had to cope since then with an ever increasing and now almost a doubling of the number of private automobiles in use, as well as with other competition. From 1946 to 1955, according to a staff estimate, classes I-III carriers suffered a decline of 37.3 percent in passenger-miles in intercity scheduled service. Rail passenger-miles, other than commutation, fell 59.6 percent in the same period. Total operating revenues, including an expanded coverage of local and suburban carriers, rose 0.09 percent.

The loss in passenger-miles in intercity scheduled service was 2.6 percent, 1954 to 1955, whereas from 1953 to 1954 it had been 13.8 percent. In addition, passenger-miles in intercity charter and special service increased. Total revenues of \$553.2 million in 1955 were substantially the same as the revenues in 1954. In the 12 months ended June 30, 1956, these revenues, \$557.3 million, were 1.2 percent greater than in the 12 preceding months. These latter comparisons

appear to be affected only slightly by fare changes. Average revenue per passenger-mile in intercity scheduled service of class I intercity carriers, 2.05 cents in 1953 and 2.07 cents in 1954, was 2.06 cents in 1955. A general 6-percent increase in fares became effective on May 25, 1956, and was comparable to the 5-percent increase granted railroads. The average revenue per passenger-mile in rail coach service was 2.47 cents in 1955. Bus journeys tend to be shorter than rail journeys. In intercity scheduled bus service the average journey per carrier was 60.7 miles in 1953 and 62.5 miles in 1954; for rail coach service, exclusive of commutation travel, it was 129.4 miles in 1954 or, including commutation service, 66.7 miles.

Railroads carried 184.7 million passengers, other than commutation, in the year ended June 30, 1956; class I bus lines carried 237.1 million in their scheduled intercity service. The two agencies in 1955 together accounted for only 9.2 percent as many passenger-miles as did private cars, though all of the latter mileage was by no means competitive with for-hire service. Air transportation, despite its great growth, did not equal either rail or bus travel in passenger-miles.

In the first half of 1956, passengers in intercity scheduled service of class I intercity carriers totaled 100.6 million, and revenues earned amounted to \$137.9 million. Passengers fell 7.4 percent compared with the same period of 1955, but revenue increased 0.6 percent. Total operating revenues of \$173.6 million were higher by 2.0 percent. On the other hand, apart from a large carrier involved in a strike in 1955, the first half of 1956 showed declines of 9.4, 1.9, and 0.25 percent in such intercity passengers and revenues and total operating revenues, respectively. On a regional basis, a maximum increase of 8.7 percent in operating revenues in the first 6 months of 1956 over the same period of 1955 occurred in the Pacific region, while the midwestern region showed a decline of 12.0 percent.

Charter or special service continue to receive emphasis. Class I intercity carriers, despite a decline in revenue from scheduled intercity service in 1955 compared with 1954, increased their charter or special revenues by 4.2 percent to \$23 million. In the first half of 1956 the increase over the same period of 1955 was 9.8 percent, though it is probable that the percent is overstated because of a strike on a large carrier early in 1955. In 1954, 1955, and the first half of 1956, intercity carriers derived 6, 6.2, and 7.2 percent of their revenues from charter or special service. In 1954, 51 intercity carriers derived more than 10 percent of their revenues from charter or special services; 11 received 20.1 to 50 percent of their revenue from this source, and 6 more than 50 percent.

This revenue is of great assistance to carriers, and there is a possibility of further expansion for carriers as a group. The statistical evidence indicates, however, that a considerable number of scheduled carriers, which already have substantial charter or special operations, have not further enlarged such operations in the last 2 or 3 years. For reasons indicated in the final chapter, we again are recommending an amendment which would require proof of need for charter or special operations in connection with certificates issued in the future. Some States have been giving attention to the problem there discussed.

Combined express, mail, and newspaper revenues are of increasing importance to intercity carriers. By 1954 express revenues had become 84 percent of the combined revenues for class I carriers. From 1950 to 1954 these carriers increased this combined revenue from \$9.3 to \$15.6 million, or 68 percent, and from 2.66 to 4.33 percent of their total operating revenues. From 1953 to 1954, when operating revenues as a whole decreased, there was an increase of \$1.2 million or 8.5 percent in this revenue. For the 11 carriers of both passengers and property, among which rail subsidiaries, with some highway post office operations, were the most important group, such traffic afforded 7.3 percent of the 1954 revenue. In that year 58 intercity carriers, or 35.6 percent of a total of 163 carriers, received more than 5 percent of their revenue from this source; 14 received more than 10 percent up to a maximum of 30 percent. Of the 58 carriers with more than 5 percent, 13 were in the southern region and 31 in the western district. The transportation of express, mail, and newspapers, generally in the same vehicles with passengers, entails little additional out-of-pocket expenditure. It is being strongly promoted by a number of carriers and seems likely to be of increased importance in the immediate future.

Expenses of class I intercity carriers, including operating taxes and licenses, increased 0.2 percent from 1954 to 1955, or slightly more than operating revenues. The average operating ratios rose, therefore, very slightly (from 91.5 to 91.6 percent). In the first half of 1956, compared with the same months of 1955, operating revenues increased 2 percent and expenses 3.6 percent, with a rise in the operating ratio from 95 to 96.6 percent. A higher ratio normally obtains, however, in the first than in the second half of the year. The regional range in operating ratios in the first half of 1956 was from 91.5 and 91.7 percent in the Pacific and southern regions to 110.3 percent in the New England region. In 1956, as in 1955, carriers faced higher costs, especially higher wage rates. On the other hand, carriers are attempting to improve employee relations as an aid to better service and more economical operations. Taxes continue to pose a difficult

problem. One State has exempted all revenues below a specified minimum from its gross receipts tax.

In an effort to control expenses, or to supplement revenues, carriers have taken various steps in addition to those outlined earlier. Costs are being cut wherever possible. Apart from charter, special, or express service, additional revenue is being sought by use of better equipment, including the two-level luxury coach, by attempting to sell the growing market of retired persons, and by better service and schedules. Competition with other types of carriers, in point of frequency of departures and elapsed time, is being stressed in advertising for movements of as much as 200 miles. Newly developed turnpikes are being used to advantage on such schedules. Some progress is being made in the construction of new terminals or in modernization of those already in use. Some carriers are seeking revenues from sources other than conventional for-hire transportation. These sources include car rentals, the performance under contract of repairs for owners of motortrucks, and the leasing of such internal or external terminal or garage space as may not be needed for passenger-carrier operations.

Corporate changes during the year included the merging of several operating subsidiaries of large systems, as well as of some formerly independent carriers, into regional operating divisions serving a large portion of the country. Such changes accounted to some extent for the decrease from 164 class I carriers in 1954, including carriers of both passengers and property, to 153 such carriers in 1955. The trend toward the relinquishment of bus operations of railroads continued in 1955, with the result that railroads now have an interest in relatively few important bus operations.

Total operating revenue of local and suburban carriers, \$108 million in 1955, was 3.2 percent less than it was for the same 58 carriers in 1954; expenses declined 3.5 percent, and the operating ratio declined moderately (from 98.9 to 98.6 percent). These carriers in 1955 transported 609 million local and suburban passengers for revenues of \$87.9 million, with declines from 1954 of 9.4 and 4.3 percent, respectively. In the first half of 1956 the number of passengers handled on local and suburban schedules declined 6.2 percent, but the revenue increased 2.0 percent. The average fare per passenger went up from 14.2 to 15.4 cents. Charter and special service in 1955 showed 19 million passengers and revenues of \$11.9 million, or gains of 10.8 and 4.3 percent over 1954. All exclusive charter or special operators are included in this group of carriers. The charter or special revenues are of increasing importance to the entire group. While, from 1953 to 1955 (63 and 58 carriers, respectively), revenues from local and suburban service and total revenues declined 13.2 and

11.6 percent, respectively, charter or special revenues increased 6 percent. In the first half of 1956 charter or special revenues increased 4.9 percent and total operating revenues 2.1 percent. In 1954, 1955, and the first half of 1956 local and suburban carriers secured 10.3, 11.1, and 11.4 percent of their revenues from charter or special service. These carriers continued to face difficult competitive and cost problems and traffic congestion. An increase from 35 to 60 cents in the fares exempt from the Federal excise tax, effective September 1, 1956, may be of some assistance.

WATER TRANSPORTATION

Water carriers subject to our jurisdiction continued strong or weak according to the trade area. The most significant developments in the year reflected efforts to cope with excessive loading and unloading costs and unduly long turnaround time of general cargo ships. For a number of years we have noted the need for dealing with this problem in a fundamental way if water transportation is to have an effective role in the areas in which it has been unable to hold its own. We are pleased, therefore, that private capital, with certain assistance from Government agencies and the cooperation of the ports and others, has been making a vigorous effort in the recent past to explore the possibilities of finding an effective remedy. Involved in these efforts are the Atlantic-Gulf, the Pacific coastwise, and inter-coastal shipping areas as well as transportation between the Pacific Northwest and Alaska.

The idea of transporting land vehicles or containers on vessels is not a new one, as the movement of railroad freight cars by special types of vessel has been practiced for many years. Also to be noted, among other applications of this concept, are certain relatively short-haul movements of highway trailers on self-propelled vessels or barges. The recent developments involve, however, a dramatic change in the thinking of a sizable number of water carriers and the actual institution or the planning or promotion of operations on a large scale and over longer distances.

In April a water carrier instituted a service between Port Newark, N. J., and Houston, Tex., in which trailer bodies, loaded and locked by shippers and delivered to shipside by tractors, are placed aboard by crane. The vessels used are C-2 tankers modified by the addition of a cargo or spar deck. The weekly service instituted with two vessels has become a 4-day southbound service, according to recent announcements. Petroleum and specified petroleum products in bulk also are carried. This carrier has deferred plans for the construction of seven special "roll-on-roll-off" ships and is understood to be converting additional ships for extension of the service that it

now is conducting. The capital cost involved is much lower, and less time is required to get the vessels in operation. This service is conducted under joint through rates with motor carriers and offers shippers a saving in transportation charges.

Another carrier has ordered two special-type vessels for the transportation of containers and some trailer bodies between New York and Jacksonville. This carrier is said to be considering the possibility of subsequent enlargement of its fleet and of carrying passengers and their automobiles. Other carriers in this area have shown an interest in engaging in "trailership" operations.

Our finding in *Pan-Atlantic Steamship Corp.—Operating Rights*, 297 I. C. C. 773, that a certificate under which break-bulk operations were conducted could be used in trailership operations was strongly contested, as was our finding in *Pan-Atlantic S. S. Corp.—Exemption, Section 303 (e)*, 285 I. C. C. 752, that the transportation of petroleum and certain petroleum products is exempt under section 303 (c) (2). Appeal has been taken to the courts in the latter case.

While the water transportation service involved is not subject to our jurisdiction, we have granted operating rights in Florida to a motor-carrier subsidiary of a company engaged in trailership operations between Florida and Caribbean points. These operations, of varied types, have been watched with interest.

Aside from the steps proposed for serving Alaska with ships carrying loaded trailers and freight cars, there were two developments of interest on the west coast. One was the grant of operating authority by the California Railroad Commission for the transportation of equipment of motor carriers and automobiles between San Francisco and Los Angeles on two special-type vessels to be constructed. No application has been filed with us. The other is the recent announcement that a carrier, through a subsidiary, will operate a container-type vessel between Columbia River and California ports. This operation, to be conducted with a converted vessel, is expected to be started at an early date.

There has been no change in methods of operation in the inter-coastal field, though a former carrier has announced plans for use of container-type vessels for this trade. These plans have not matured as yet.

The port facilities required to accommodate these new types of service necessarily depend on the kind of vessel operation to be conducted. Some such facilities have been or are being provided, but others are awaiting the decisions which some vessel operators must make between a "roll" or "lift" type of transfer to and from ship—between transportation of vehicles or of containers. Studies, including one made for the Federal Maritime Administration, indicate the

possibility of radical changes in terminal layouts and location of these facilities in some instances away from congested areas with a view to providing adequate maneuvering and other space and access to important highways.

How much relief from onerous cost conditions these new types of operation will provide is a matter we shall follow with great interest. Success in the present ventures could lead others to engage in similar efforts, to the advantage of the water-carrier industry and the public.

The aggregate revenues of water carriers subject to our jurisdiction, including the domestic revenues of carriers which also engage in offshore and foreign operations, was \$470 million in the fiscal year 1955-56, or 3.9 and 17.7 percent more than it was in the calendar years 1955 and 1954. Tons carried, 104 million in 1955, were 16.6 percent higher than in 1954. The year 1954, however, was a low one for the traffic of water carriers and most other modes of transportation.

Of the tons carried in 1955, 57.0 percent, according to the reports of carriers engaged solely in domestic operations, was transported in operations not subject to our jurisdiction, mainly by reasons of exemptions provided in part III and, to a less extent, of intrastate operations. Private operations also may be involved to a limited degree. In 1952 and 1954 the percentages were 52.4 and 51.4. For-hire traffic of carriers entirely outside our jurisdiction considerably exceeds the volume noted above.

The exemption provisions of part III continued to require interpretation and application to specific situations. Our finding that scrap iron is not a bulk commodity entitled to exemption under section 303 (b) was upheld by the Supreme Court. *V. P. Seredino v. United States et al.*, 350 U. S. 961, 350 U. S. 1009. We lifted the exemption of the chartering of vessels to Government agencies for the transportation of Government property, granted in 1942 but no longer required. Certain petitions for declaratory orders are discussed elsewhere herein. Repeal of the dry-bulk exemption received both support and disapproval at congressional hearings. We have indicated our support for legislation which would repeal the exemption in part.

The Atlantic and Gulf coasts trade area used in our statistics comprises quite dissimilar types of operation. Developments in the year, other than those described above, have been of a relatively limited nature. Application of the interests represented in the present "trailership" operation to acquire the stock and merge the properties of one carrier and to purchase the rights of another provoked considerable controversy. Both applications are pending. In one case the stated purpose is to assure against possible competition

through obtaining control and annulment of a dormant certificate. We have approved 4 other applications to purchase and 2 are pending. One is an application of an exempt carrier for permission to buy a carrier not presently operating. Applications for new operating authorities were quite limited. A carrier suspended the last of its services between Atlantic and Gulf ports. A few adjustments which involved cancellation of or changes in proportional rail rates of past or current interest to water carriers and the relations of all-rail to joint rail-water rates were considered, as were certain adjustments of water rates.

Labor-management relations were strained in this area only in the longshore field. The maritime unions and steamship operators negotiated new contracts which provided for an increase in wage rates. The longshore situation in the New York area was made more complex through jurisdictional disputes and appeals to the courts. The current contract in that area expired on September 30 but was extended twice. Inability to reach agreement was made more difficult by the union's demand for a coastwise adjustment of most elements in the contract. The New York operators, on the other hand, disclaimed power to act for any other area. A wage increase and changes in working conditions also were in issue. The threat of a coastwise strike, in which west coast longshoremen, with an October 31 reopening date of their contract, might join was a cause of much concern. Federal mediation is in process. Common termination dates of contracts, urged by certain members of Congress, were under consideration. A few other labor-management controversies in New York and other areas occurred in the year.

Tons of revenue freight reported to us by carriers in the Atlantic-Gulf trade, including operations on tributary waterways, aggregated 13,910,857 in 1955, or 14.6 percent more than in 1954, and 7,618,551 tons in the first half of 1956, an increase of 18.1 percent over the same period of 1955. Freight revenues of \$50,975,095 in the year 1955 and \$25,744,706 in the half year of 1956 were 10.0 and 4.9 percent greater than in the corresponding prior periods. Revenue per ton averaged \$3.66 in 1955 and \$3.38 in the first half of 1956, but comparisons may be affected by changes in average hauls and consist of traffic.³ The traffic consists largely of coal and other products of mines; other important classes of traffic are petroleum products,

³ The tons and revenue here shown relate only to traffic carried in the carriers' own operations. Only tons and passengers carried and freight and passenger revenue are reported quarterly. Percentage changes in freight revenue from period to period necessarily differ, in some cases materially, from changes in total operating revenues. The same carriers are included in each period used in a given comparison of tons and revenue. Data for class C carriers are omitted. These carriers accounted in 1955 for about 5 percent of the total tons shown above. Other (so-called "maritime") carriers are found in this trade and in the inter-coastal and Pacific coastwise trades. The operating ratios shown are for carriers which engage exclusively in domestic commerce and relate to all water-carrier operations of these companies.

metals and metal products, and chemicals. Passenger revenue increased the total to \$26,927,112 in the first 6 months of 1956, but was less than in that period of 1955. The overall operating ratio was 96.1 percent in 1955. The 716,157 and 1,906,294 tons reported as carried in 1955 under joint arrangements⁴ with railroads and motor carriers, respectively, were 6.1 and 16.1 percent of all tons carried, as compared with 6.4 and 14.2 percent in 1954. Of the carriers engaged only in domestic operations and reporting a breakdown, 13 stated that they transported only tonnage subject to our jurisdiction, 6 only tonnage not so subject, and 4 both types of tonnage. The unregulated tonnage was 50.0 percent of the reported total, as compared with 49.8 and 53.2 percent in 1952 and 1954.

Shipping on the Great Lakes subject to our jurisdiction presented relatively few issues for our determination. There was a limited number of applications for operating rights. A new passenger service, to be provided with a converted vessel with some unusual features, is scheduled to be instituted between Detroit and Cleveland in the coming year. There has been no such service for some years. Three carriers have applied for permission to pool their services in the transportation of automobiles from Detroit to Duluth through use of the dock facilities of one carrier and of space on each other's vessels, with a division of revenue. Strikes of vessel personnel and the steel strike, together with adverse weather and other conditions, slowed down operations and caused concern as to the ability of lake freighters to deliver sufficient ore for the winter requirements of the steel industry. Through October 15, 60,444,551 long tons of ore and 38,054,812 short tons of coal were handled, compared with 73,429,069 and 37,202,406 tons in the same period of 1955.

Considerable discussion developed as a result of issuance of our Service Order No. 914, in which, by retaining 2 days' free time on railroad cars at lake ports, railroads were prevented from liberalizing the 2-day provision in their present tariffs. Our order, necessitated by car shortages, will expire on December 31 of this year. Chicago port interests alleged unjust discrimination in the 2-day rule as compared with the 6-day or other period allowed at seaboard ports. Hearing of this complaint is in process. The proposal of certain western railroads to increase the free time at Chicago on export and import traffic and the opposition thereto of certain eastern railroads are an early indication of the many problems which will confront us as a result of the use of the St. Lawrence Seaway, now under construction. We can foresee, for example, complex issues relating to export and import rates for use to and from interior points on traffic

⁴ Traffic moved under a common control, management, or arrangement for a continuous carriage or shipment, such as traffic moved on joint rail-water rates.

moving via the seaway. Carriers subject to our jurisdiction have shown an interest in providing service over this facility. Various shifts in traffic flows may be anticipated, and there doubtless will be need for additional or adjusted motor carrier operating rights and issues as to use of railroad-owned port facilities.

Revenue freight of all carriers on the Great Lakes which report to us aggregated 16,243,014 tons in 1955, or 7.2 percent more than in 1954, and 5,871,845 tons in the first half of 1956, or 11.1 percent more than in that period of 1955. Freight revenues of \$25,973,394 and \$10,002,107 in the year and 6-month period were 18.8 and 8.9 percent more than in the corresponding prior periods. Average revenue per ton, \$1.60 and \$1.70 in the 1955 and 1956 periods, was respectively 11.1 more and 2.3 percent less than in the prior periods. These averages reflect the great preponderance of products of mines (coal and iron ore) in the traffic carried; pig and scrap iron, new motor vehicles, and iron and steel, which accounted for most of the remaining traffic, were less than 22 percent of the total in 1955. Passenger service yielded \$2,879,433 of revenue in 1955, or 3.8 percent more than in 1954. The overall operating ratio was 85.8 percent in 1955. Joint arrangements with rail and motor carriers affected only 0.012 and 3.5 percent of the total tons carried. Of carriers reporting a breakdown, 5 indicated they transported only freight traffic subject to our jurisdiction, 2 only traffic not subject to our jurisdiction, and 4 traffic in both categories. The tons transported outside our jurisdiction were 80.6 percent of the total as compared with 79.8 and 83.8 percent in 1952 and 1954.

As a whole, carriers on the Mississippi River system and adjacent waterways enjoyed another year of increased traffic and improvement in the facilities at their disposal. For many years, the floating equipment used on these waterways has been adapted functionally to the efficient loading and unloading of bulk and special nonbulk commodities. This equipment continues to be improved in design and increased in capacity, and there have been further adaptations to the special needs of particular commodities, such as chemicals. The total number of vessel units in use again increased. Municipalities, port districts, private terminal companies, and industries provided additional loading and unloading facilities, some of which brought about an efficient link between water, rail, and motor transportation.

Waterways continued to be improved, as through work on the widening of the Cal-Sag Channel (Chicago) and on dams and locks. Improved locks have reduced transit time, but bottlenecks were created at certain older locks. Water transportation in this area has a number of recognized physical handicaps, such as winter closing of navigation on the northern waters, flood and low-water conditions

such as occurred in the current year, occasional loss of control or sinking of vessels, and relations with users of waterways for recreation purposes. The matter of bridge clearances provoked considerable discussion by reason of proposals to lower clearances in the construction of highway and railroad bridges. Questions of broad water resources policy also received consideration in the year. Strong positions were taken by the industry and related interests against the recommendation of user charges made in the report of a special Government commission.

There were a few applications for authority to conduct new or extended passenger service over relatively short distances, all of which were granted, and a number of applications for property-carrying authority. The most extended proceeding was one in which we granted authority to transport iron and steel articles and sewage sludge from specified points in the Middle West to Tampa, Fla. Strong opposition to this grant was expressed by railroads and water carriers. The through service so provided, without transfers at New Orleans, was found to be required. Another grant also provided a desired single-line service. Several applications to operate on the Atchafalaya River are pending. In addition, new services were set up by carriers of bulk commodities which are not subject to our jurisdiction.

Tons carried were affected not only by general business conditions but also by the attraction of new industries and by varied rate adjustments. Carriers reporting to us transported 43,767,056 tons of revenue freight in 1955, or 27.5 percent more than in 1954; in the first half of 1956 they carried 22,845,032 tons, or 12.0 percent more than in the same period of 1955. Freight revenues of \$92,342,441 in 1955 and \$49,113,213 in the first half of 1956 were 26.6 and 9.2 percent above the amounts in the respective prior periods. Passenger revenue, \$1,467,019 in 1955, was almost identical with the revenue in 1954. In the first half of 1956 it was \$643,649, or 7.7 percent more than in the same period of 1955. The overall operating ratio was 82.3 percent in 1955.

Revenue per ton was \$2.11 in 1955, or slightly (0.9 percent) less than in 1954; in the first 6 months of 1956 the average was \$2.15, or 2.3 percent less than in that period of 1955. Nearly 55 percent of the traffic in 1955 represented products of mines (mainly coal), 14 percent iron and steel, 13 percent petroleum products, and 7 percent products of agriculture (mainly grains and soybeans). Only one carrier provided less than bargeload service. Of the reported tons, 5.7 percent moved in joint water-rail and 0.9 percent in joint water-motor movements. Six carriers reported the transportation of only traffic subject to our jurisdiction, 2 only traffic not so subject, and 13 both types of traffic.

Tons carried outside our jurisdiction represented 59.7 percent of the total as compared with 52.7 and 49.0 percent in 1952 and 1954.

Petitions for declaratory orders filed by several barge lines caused us to invite views as to the effect on the applicability of the exemption provision in section 303 (b) of the addition of a barge of nonbulk traffic to a solid tow of exempt dry bulk commodities. These questions arose in connection with and apparently will influence determinations of whether to proceed with certain mergers. One such merger, which we have approved, involved sale of a carrier, largely engaged in exempt operations, to a new corporation and acquisition of the latter's stock by a carrier engaged largely in regulated transportation. We found that the changes proposed would effect savings without reduction in competition. The other proceeding involves the same parent company and a carrier engaged in both regulated and exempt transportation by water and regulated motor transportation. An application by a water carrier of passengers to acquire another such carrier is pending; meanwhile, temporary authority to control this carrier has been granted. This degree of activity in the field of mergers was somewhat unusual.

As in past years, this area has produced some of the most vigorously contested proposals of rail or water carriers to reduce their rates in efforts to regain or hold traffic. Involved were some cases of notable interest and effect. We have approved or disapproved such proposals or complaints against existing rates according to the circumstances of particular cases. Determination of whether a finding of justness and reasonableness could be made required consideration, among other factors, of whether the rates were reasonably compensatory, and would not result in unfair or destructive competitive practices.

In *Dixie Carriers v. United States*, 351 U. S. 56, the Supreme Court reversed our finding, which had denied a barge-rail rate less than the joint rate of the rail carriers between the same points. This proceeding, which involved certain movements of sulphur, has become moot as the result of changes in traffic arrangements. Also before us is the reopened proceeding in *American Barge Line Co. v. Alabama G. S. R. Co.*, 296 I. C. C. 247. In issue is the application of the local rather than the proportional rail rate on ex-barge grain. There also were objections of barge lines to higher charges on traffic switched to or from barge lines than on traffic handled solely in railroad service.

Aside from plans to institute "trailership" operations, discussed earlier, developments in the Pacific coastwise and inland trades were of a relatively limited nature during the year. On reconsideration, we granted a certificate which permitted enlargement and a better balancing of the operations of a barge line on the Willamette River

and its tributaries, and acquisition of control of the carrier by certain individuals and of joint control and management of the company through officers and directors of other water carriers. These changes were opposed by two water carriers, by railroads, and by several motor carriers. An operator using self-propelled vessels was given authority, over opposition, to add a more efficient barge type of operation in the transportation of lumber and lumber products between Pacific coast ports. There were a few other grants of operating authority.

Operators of public terminals, to improve their financial condition, increased and unified their charges for dockage and wharfage. These moves led to litigation by water carriers before the Federal Maritime Board.

Tons carried in 1955, 19,015,214, were 14.5 percent above tons carried in 1954, and revenue of \$29,149,433 was 18.0 percent greater. Revenue per ton was \$1.53 in 1955 or 2.7 percent more than in 1954. In the first half of 1956, tons were 8,568,496, or 4.2 percent below tons in the same period of 1955, but revenue, \$14,753,045, was 3.8 percent greater. The traffic carried consists largely of products of forests and petroleum products. Joint arrangements with railroads and motor carriers accounted for 2,002,250 and 181,968 tons, respectively, or 14.2 and 1.3 percent of the total tonnage carried. Of the carriers engaged in only domestic transportation, 13 reported that they engaged only in transportation subject to our jurisdiction, 2 in transportation not so subject, and 6 in both types of transportation. The unregulated tonnage was 28.2 percent of the total. Passenger revenue, \$2,222,019 in 1955, was 4.1 percent more than 1954. The revenue of \$728,259 was 6.7 percent more in the first half of 1956 than in that period of 1955. The overall operating ratio was 89.8 percent in 1955.

Generally better conditions prevailed between labor and management. Only a few interruptions to service schedules or other disturbances occurred during the year, although the productivity factor in longshore operations at two ports received considerable attention. New contracts with unlicensed vessel personnel were effected which changed and simplified the basis of compensation. An increase in compensation was worked out with these unions in the late fall. A prolonged strike occurred against a coastwise lumber carrier. There also was a minor increase in wages in June for longshoremen, and other increases were under consideration at the end of the report year. East and west coast changes in wages and working conditions are watched closely. There is both labor and management support in the West for a common expiration date of contracts on the two coasts.

Tons carried in the intercoastal trade in 1955 totaled 4,135,399, or 9.2 percent more than in 1954. In the first half of 1956, 2,159,775 tons were carried, or 5.5 percent less than in the same period of 1955. Revenue of \$97,433,953 in 1955 was 10.6 percent more than in 1954; in the first half of 1956, revenue amounted to \$51,444,592, or 3.2 percent less than in that period of 1955. Average revenue per ton, \$23.56 in 1955, was substantially unchanged from the average for 1954; in the first half of 1956 the average was \$23.82 or 2.5 percent more than in the same period of 1955. Passenger business produced relatively small revenues.

Aside from a number of grants of temporary authority for lumber shipments, we authorized several new or extended permanent authorities for the transportation of lumber or general commodities. A long-established industrial carrier discontinued intercoastal operations, and had its intercoastal rights reissued in a new corporate name. The extension of the temporary authority granted a carrier for an original period of 180 days resulted in litigation as to our power to make an extension. This issue is before the Supreme Court. The application for authority to conduct a barge-type operation between the Pacific Northwest and Gulf ports, with connections there with river operators, originally denied, was reopened for consideration on an extended record and is pending for decision. Reference has been made earlier to possible introduction of a "containership" type operation in this trade. The matter of increase in West coast port charges, to which intercoastal carriers have raised objection, has been discussed earlier. Labor conditions in this trade reflect, of course, adjustments made on the respective coasts. Much discussion and some court litigation about tolls charged for use of the Panama Canal occurred during the year.

FREIGHT FORWARDERS

In 1955, 86 freight forwarders filed reports, but 56 of them performed nearly all of the forwarder business. Of the remaining forwarders, 22, each with revenues of less than \$100,000, accounted for only 0.5 percent of all forwarder revenue in 1955, and 8 others did not engage in forwarder operations at all in the year.

The 56 larger freight forwarders had revenues of \$401.7 million in 1955, an increase of 10.7 percent, and net income of \$4.7 million, or 28.3 percent more than in 1954. They handled more than 25 million shipments, or 9.5 percent more than in 1954. Tons handled were 4,708,222, an increase of 10.9 percent over 1954. Average weight per shipment rose from 367 to 372 pounds, but it was still below the average of 495 pounds in 1947, which was the highest in the postwar period.

In comparison with the corresponding periods of 1954, the first half of 1955 had shown greater improvement than the second half in number of shipments and about the same improvement in tons handled. The first half of 1956, compared with the like period of 1955, showed a very small decrease (0.2 percent) in tons handled but increases of 5.4 percent in gross revenue, of 2.5 percent in number of shipments, and of 23.0 percent in net income. Only in net income was the second quarter of 1956 better than the first quarter when compared with the 1955 quarters.

The 6-percent increase in rates authorized in Ex Parte No. 196 became generally effective in March. Of the operating revenues received from shippers in 1955, 75.4 percent was expended for services of other carriers. Those payments were distributed 67.9 percent to railroads, 15.9 percent to motor carriers, 1.0 percent to water and other carriers, and 15.2 percent for local pickup, delivery, and transfer service. Expenses directly incurred absorbed 23.3 percent of the revenue dollar, and 1.2 percent was carried to net income after taxes.

The three largest forwarders accounted for 65 percent of the total large forwarder revenue in 1946, 57.0 percent in 1953, 55.5 percent in 1954, and 55.2 percent in 1955. Adding in revenues of the 2 next largest forwarders brings the percentage for the 5 largest to 74.2 in 1946 and to 69.3 in 1955. In the latter year, a different forwarder was the fifth largest as compared with 1946. The 3 largest forwarders accounted for 61.5 percent of the tons in 1946; 55.2 percent in 1953; 52.8 percent in 1954; and 52.7 percent in 1955. In the same four years, the 5 largest accounted for 67.7, 65.2, 64.1, and 64.4 percent, respectively.

We authorized several new or extended forwarder operations, 3 of substantial size. Details as to grants and denials are given at page 73. A permit was revoked for nonuse and another is before us for possible revocation for the same reason. A number of issues created by differences in motor carrier and forwarder rates on selected traffic or between selected points arose in the year. The modification in 1954 of the mixing rule (rule 10) led to numerous proposals of a competitive nature. In a proceeding which arose from motor-carrier complaints, we required observance by forwarders of the terminal areas for San Francisco and Los Angeles prescribed in Ex Parte No. 37, *Commercial Zones and Terminal Areas*, 46 M. C. C. 665, and supplements thereto. The effective date of our order was stayed to permit consideration of a petition for reconsideration and oral argument.

Changes in provisions of the act applicable to freight forwarders which we believe to be necessary are discussed in the concluding chapter of this report.

PRIVATE CAR OWNERS

The operations described here are those of "persons which furnish cars or protective service against heat or cold to or on behalf of any carrier by railroad or express company." Most of the tank and refrigerator cars in use are owned and maintained by these "persons." Also owned are smaller numbers of gondola, hopper, stock, and other cars. Of the 29 larger such "persons" (those with 1,000 cars or more), most are petroleum companies, car lines controlled by railroads or owned by car manufacturers, meatpackers, and nonrailroad car lines. Of the 259,384 cars owned by the group, 30 percent were owned by lines controlled by railroads.

The 73 "persons" with more than 100 but less than 1,000 cars are in the main chemical or petroleum companies and private tank car lines. Of the total of 289,454 cars owned at the close of 1955 by companies with 10 or more cars, 89.6 percent were owned by companies with 1,000 cars or more. These larger companies, 28.4 percent of the owners of more than 100 cars, had 92.9 percent of the \$1.5 billion gross investment in cars and facilities in 1955 and accrued 92.6 percent of the revenues. The investment in transportation property per company ranged from about \$90 thousand to \$274 million for companies with 100 cars or more.

Car service payments accounted in 1955 for 87 percent of the revenues of the larger companies. These revenues were preponderantly payments from railroads on a mileage basis; revenue received from car rentals was 1.7 percent of the total payments. Payments for use of cars on other bases are very small. Revenues from the furnishing of protective service were 12 percent of the total; "other services" (ventilation, cleaning cars, etc.) were 1 percent. Only 6 of the larger companies received protective service revenue.

For the 73 companies with more than 100 but less than 1,000 cars, revenues from car service were 97 percent and for "other services" 3 percent of the total. Aggregate revenues for use of cars owned by an average of 221 owners, including owners of 10 to 100 cars, was \$258 million in 1955, or 1.0 percent more than the revenue of 229 owners in 1954. Car-miles of cars owned by these companies aggregated about 6 billion in each year.

It would be expected that the specialized types of car that make up most of the fleet would not have loads available for return trips. Most of the car-miles are operated about 50 percent empty; refrigerator and "other" cars, however, had only 43.5 and 23.2 percent of empty mileage, respectively, in 1955. Except for refrigerator cars, the range in miles per car in 1955 for owners of more than 100 cars was from 11,100 miles for stock cars to 15,600 for tank cars; for refrigerator cars the

average was 35,400 miles; for all cars it was 23,300 miles.⁵ The average for all cars of class I railroads was 14,600 miles.

Car service of owners of 1,000 cars or more, which provided \$266.8 million revenue in 1955⁶ showed an operating ratio of 59.6 percent; for refrigerator service, yielding \$33.9 million of revenue, the ratio was 106.6 percent; for heater service, with about \$2 million of revenue, it was 126.5 percent; for other service, with \$4.4 million of revenue, it was 83.1 percent. The overall ratio was 65.6 percent. These ratios are before taxes and reflect certain adjustments of reported data.

In the second quarter of 1956, total car ownership of 215 owners (including owners of 10 to 100 cars), 291,563 cars, was less by about 4,000 cars than it was for 221 owners in the same period of 1955. Revenue for use of owned cars was higher by 8 percent, and car-miles were 4.5 percent greater in the first half of 1956 than in 1955. During the current year, the mileage rate for tank cars was increased from 3 to 4 cents and the rate for flatcars equipped to handle demountable containers went up from 1.5 to 3.2 cents, or 113 percent.⁷

PIPELINES

A 90-percent increase, 1946 to 1955, in the consumption of the gasoline, distillate-oil, and kerosene group of petroleum products involved a marked expansion of both crude oil and products pipelines. In the current year, however, the need for added facilities was greater in the case of products lines. Growing consumption and the desire to lower costs were met by the construction of lines to additional points, the laying of loop or parallel lines, the replacement of old lines with lines of greater capacity, the addition of pumping stations, and in other ways. The spread of products lines includes relatively short extensions to additional marketing areas. In 1946, 27 States and the District of Columbia had such lines regulated by us, whereas in 1955 the number was 37. In addition, a considerable number of lines are not regulated by us. These lines are principally in California, but also are found in Atlantic seaboard and other States.

Rail and motor carriers have had to adjust their services to more limited hauls as pipelines have spread; water carriers also have had to reckon with pipeline competition. The small number of commodities carried, one-way hauls, and the continuing shifting of gathering and some crude-oil trunklines to the changing needs of individual producers or groups of producers, make pipelines a most specialized form of

⁵ In deriving these averages certain cars were omitted, notably the 20,707 cars of the Equitable Life Assurance Society of the United States. All except 475 of the Equitable cars are leased to railroads on a basis which differentiates these cars from most cars owned by private car lines.

⁶ Includes revenues from cars leased from others; the revenues shown above for 221 owners were from owned cars only.

⁷ See also "Service and Facilities."

transportation. The strategic importance of petroleum in war emergencies continued to receive attention. The proposed reconversion to the movement of refined petroleum products of the "Little Big Inch," a 20-inch line built in World War II from the Southwest to the eastern seaboard as a products line and later used for the transportation of natural gas, resulted in an appeal to the courts by certain barge lines. The matter is again before the Federal Power Commission. The proposed reconversion involves that portion of the line which extends from southeastern Texas to a point in West Virginia on the Ohio River.

A new large-diameter crude-oil line reaching into the United States from Canada and terminating at Sarnia, Ontario, taps a large supply of crude oil previously not available. Other developments of particular interest include the bringing near to completion of a 10-inch common-carrier line for the movement of processed coal in Ohio, in which 3 railroads have the option of acquiring an aggregate 45-percent interest; completion of the refined-oil line of the Southern Pacific Co. from El Paso, Tex., and Watson (Los Angeles), Calif., to Tucson and Phoenix, Ariz., and of short extensions, with other extensions in the planning stage; completion of construction of a crude-oil line in Montana and Wyoming in which the Northern Pacific Railroad Company has an interest; and plans for large-scale construction of gathering and trunk lines in the Gulf offshore area.

Further applications were made in the year of such advanced technologies as microwave communication and remote control of automatic or semiautomatic stations and of line operations. Attention was given to such other factors as reduction of line and loading losses. Several changes in the ownership of properties occurred in the year.

The forging ahead of pipelines is shown by about a 112-percent increase in ton-miles from 1946 to 1955 and a rise in their percent of total intercity ton-miles (exclusive of coastwise and intercoastal) from 10.6 to 15.9 in the same period. Included are ton-miles of lines not regulated by us. These lines accounted in 1955 for about one-fifth of all pipeline ton-miles. The number of companies reporting to us has increased from 76 for the year 1951 to 84 at the end of 1955. Total barrels which these lines originated in 1955, 2.6 billion, exceeded originations in 1951 by almost 24 percent. While refined products showed a 70-percent increase in barrels in this period and were 22.3 percent of the total as compared with 16.3 percent in 1951, the absolute increase in barrels naturally was greater in the case of crude oil. Revenues of \$677.6 million in 1955 were 29 percent higher than in 1946. In a period of general increase in the rates of other agencies, revenue per barrel went up only 4 percent and was 25.8 cents in 1955.

The operating ratio declined steadily from 55.4 percent in 1951 to 51.2 percent in 1955.

The average haul per barrel originated, including an allowance for gathering-line movements, was 406 miles in 1951 and 418 miles in 1955. The larger proportion of refined products has an undetermined effect on average revenue per barrel. Of the 84 companies which reported to us for 1955, 41 engaged in the transportation of refined oils. The 11 companies which engaged exclusively in such transportation had a greater decline in operating ratio (from 54.4 percent in 1951 to 46.4 percent in 1955) than did all pipelines. In the first half of 1956 the revenue of 9 such companies (following a merger) was 4.5 percent higher than it was in that period of 1955, while for all large pipelines the increase was 13 percent. Barrels of crude and refined oils originated and received from connections increased to 2,148.6 million or by 209.5 million and 10.8 percent, in the first half of 1956 compared with that period of 1955.

LABOR-MANAGEMENT RELATIONS

As labor costs generally represent a large part of the expenses of the various modes of transportation subject to regulation and as we are called upon to make adjustments of rail and motor service when negotiations fail and service is interrupted, we necessarily have an interest in developments in labor-management relations, though we take no position as to the merits of the issues in particular controversies. Our work also is affected by strikes in industries. Additionally, we have before us at this time a proceeding, No. 31944, Pickup and Delivery Restrictions, which involves the reasonableness of tariff rules which provide that pickup and delivery service will not be performed where strikes and riots are in progress. Discussions of labor-management developments in motor and water transportation are found in preceding sections.

Toward the end of our last report year, "package" settlements were worked out after mediation, or were being worked out between the railroads and the operating unions. A settlement with non-operating unions, worked out in December, provided for a wage increase and for the railroads to bear the entire cost of providing certain health and welfare benefits. The effects of the resulting increases in costs were noted in our decision in *Ex Parte No. 196, Increased Freight Rates, 1956*, 298 I. C. C. 279. Subsequently, operating and nonoperating unions presented requests for wage increases and other changes. The railroads countered in some instances with proposals to change existing rules and to make other changes. Mediation brought about settlement of these issues on November 1 as to nonoperating unions

on the basis of 3-year contracts calling for designated successive increases in wages, an escalator clause tied to the cost-of-living index, and certain welfare benefits. Mediation of the issues involving the operating unions continued. Individual railroads dealt in the year with grievance claims, and mediation was resorted to in some instances to avoid interruptions of service. There were no important cessations of operations. In preceding annual reports we have stressed the need in the public interest of finding means of avoiding strikes in transportation without unduly trespassing on the rights of the parties and of working together on what is basically a common cause.

In the union shop controversy, referred to in our last two reports, the Supreme Court decided that, under the provisions of the Railway Labor Act of 1926, as amended in 1951, "financial support of the collective bargaining agency" may be required, despite the existence of State "right-to-work" laws. There is now controversy as to the extent of the support required.

TAXES AFFECTING TRANSPORTATION

Collections of the special percentage tax on transportation of property amounted to \$450.6 million in the year ended June 30, 1956, on transportation of oil by pipeline to \$35.7 million, and on transportation of persons to \$214.9 million. The total, \$701.2 million, was 10.9 percent higher than it was in the preceding fiscal year. For the respective kinds of transportation the increases were 13.2, 6.7, and 7.2 percent. With due regard for the revenue needs of the Government, we again may refer to the serious effects which these taxes exert on for-hire transportation in its competition with private carriers. This adverse effect increases as transportation charges advance. Also, the taxes affect long-haul shippers relatively more than they do other shippers.

In addition, questions as to the applicability of these taxes and the expense carriers incur in collecting them are troublesome. Organized and other efforts of interests directly concerned have produced no change in these taxes, imposed during World War II, beyond the reduction from 15 to 10 percent in the rate of tax on the transportation of persons, effective April 1, 1954, and the increase from 35 to 60 cents in the maximum passenger fare which is exempt from taxation, effective September 1, 1956. Proposals were made in the last Congress to provide relief from the tax for farm interests and nonprofit educational institutions.

Recent changes in tax regulations are referred to briefly in their relation to our accounting work in the chapter on "Accounts, Statis-

tics, Economics, and Valuation," and there is brief mention of tax amortization in the chapter on "Mobilization Planning for Defense."

TRAFFIC AND EARNINGS OF TRANSPORT AGENCIES

OPERATING REVENUES

The combined operating revenues of 8 groups of carriers subject to our jurisdiction totaled \$18,922 million for the 12 months ended June 30, 1956, or 15.32 percent more than the level attained in the calendar year 1954.

The accompanying table shows that 6 of the 8 groups had increases as follows: Motor carriers of property 23.42 percent; oil pipelines, 16.26 percent; railroads, 12.59 percent; Railway Express Agency, 7.95 percent; water lines, 17.73 percent; and motor carriers of passengers, 0.52 percent. The other 2 showed decreases, the Pullman Company with 4.55 percent and the electric railways with 10.26 percent. Revenues of the 8 groups were 6.8 percent lower in the 12 months ended June 30, 1955, than they were in the calendar year 1953, and all carrier groups except pipelines showed decreases under 1953.

To avoid duplication arising from intercompany payments, private car lines and freight forwarders are not included in the table. The operating revenues of private car lines amounted to \$267,708,550 for the year ended June 30, 1956, and those of freight forwarders to \$105,884,798 for the same period after payments to carriers.

*Operating revenues*¹

Class of carrier	12 months ended June 30, 1956		Year ended December 31, 1955		Year ended December 31, 1954
	Amount	Percent- age change from calendar year 1954	Amount	Percent- age change from calendar year 1954	
	<i>Thousands</i>		<i>Thousands</i>		<i>Thousands</i>
Railroads ²	\$10,930,444	+12.59	\$10,495,382	+8.11	\$9,708,138
Railway Express ³	253,810	+7.95	241,332	+2.65	235,112
Pullman Company.....	95,596	-4.55	94,507	-5.64	100,154
Electric railways ⁴	50,252	-10.26	52,075	-7.00	55,996
Water lines ⁵	469,877	+17.73	432,404	+13.35	399,130
Pipelines (oil).....	717,857	+16.26	677,605	+9.74	617,463
Motor carriers of passengers ⁶	557,347	+0.52	553,163	-0.23	554,448
Motor carriers of property.....	5,846,408	+23.42	5,534,915	+16.84	4,737,120
Grand total.....	18,921,591	+15.32	18,101,383	+10.32	16,407,561

¹ Partly estimated. Some of the 1954 figures given in the 69th Annual Report have been revised.

² Includes switching and terminal companies.

³ After deducting payments to others for express privileges.

⁴ A shift of one carrier from the electric railway to the railroad group between 1954 and 1955 results in an overstatement of decline by an undetermined amount.

⁵ Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

⁶ Does not include motor-carrier revenues of electric railways, included under electric railways.

The relative importance of the several modes of transportation in the United States can be only broadly estimated because uniform and complete traffic statistics for certain transport agencies are not available. The next table gives the estimated freight ton-miles and passenger-miles of all intercity carriers, public and private, for 1954 and 1955, except coastwise and intercoastal water traffic (the latest data available for this latter traffic are for 1949). The comparability of figures in the present table has been improved further over previous years by inclusion of facilities and areas omitted previously for lack of data and by improved estimates for some areas previously covered.

Ton-miles attained an alltime high in 1955. The total of 1,277,806 million ton-miles, excluding coastwise and intercoastal water traffic and nonrevenue ton-miles of railways, was 13.64 percent above the level of 1954 and 6.12 percent above the previous record of 1953. All forms of transportation, as grouped in the table, showed increases in ton-miles in 1955 over 1954. Pipelines, with an increase of 13.42 percent, waterways, with 24.66 percent, airways, with 21.16 percent, and motor transportation, with 5.39 percent, reached new records. Railway ton-miles, which with minor qualifications are actual, not estimated, increased 13.44 percent.

Railways accounted for 49.41 percent of total intercity ton-miles in 1955, as compared with 49.50 in 1954. For other carriers, the corresponding percentage changes were: Waterways, an increase from 15.45 to 16.94 percent; motor carriers, a decrease from 19.09 to 17.70 percent; pipelines, a decrease from 15.94 to 15.91 percent. Air carriers, despite the increase in traffic, remained below 0.1 percent.

The total increase of 153,344 million ton-miles was composed of the following increases: Railways, 74,828 million; water carriers, 42,829 million; pipelines, 24,041 million; motor vehicles, 11,562 million; and air, 84 million.

Total intercity passenger-miles in 1955 are estimated at 664,108 million, an increase of 6.24 percent over the 1954 level. The bulk of this increase resulted from an increase of 6.75 percent in passenger-miles by private automobiles. The increase of 37,054 million in such passenger-miles overshadowed the airways' increase of 3,173 million, or 16.22 percent, and the waterways' increase of 37 million, or 2.18 percent. Motor carriers of passengers showed a decline of 497 million, or 1.94 percent, and rail passenger-miles decreased 772 million, or 2.62 percent.

Volume of intercity traffic, public and private, by kinds of transportation

Agency	Ton-miles ¹				Passenger-miles ¹			
	1954 ²	1955	Percentage of grand total		1954 ²	1955	Percentage of grand total	
			1954	1955			1954	1955
	<i>Millions</i>	<i>Millions</i>			<i>Millions</i>	<i>Millions</i>		
1. Railroads and electric railways, including express and mail.....	556,557	631,385	49.50	49.41	29,467	28,695	4.71	4.32
2. Motor vehicle: ³								
Motor carriers of passengers.....					25,614	25,117	4.10	3.78
Private automobile.....					548,763	585,817	87.79	88.21
Motor transportation of property.....	214,626	226,188	19.09	17.70				
Total.....	214,626	226,188	19.09	17.70	574,377	610,934	91.89	91.99
3. Inland waterways, including Great Lakes.....	173,679	216,508	15.45	16.94	1,701	1,738	0.27	0.26
4. Pipelines (oil) ⁴	179,203	203,244	15.94	15.91				
5. Airways (domestic revenue and pleasure and business flying) including express and mail.....	397	481	0.03	0.04	19,568	22,741	3.13	3.42
Grand total.....	1,124,462	1,277,806	100.00	100.00	625,113	664,108	100.00	100.00

¹ Includes revisions in basic data.² Some of the 1954 figures in the 69th Annual Report have been revised.³ School bus data are excluded.⁴ Includes refined products and crude oil, with an allowance for gathering lines.

Sources:

1. Reports to Interstate Commerce Commission. Electric railway ton-miles and passenger-miles estimated on the basis of revenue. Does not include nonrevenue ton-miles, which amounted to 20,972 millions in 1954 and 23,360 millions in 1955.

2. Highway ton-miles estimated on the basis of Public Roads data for main and local rural roads, mileages of routes in rural and urban areas, and on Department of Agriculture data on farm consumption. Passenger-miles in private automobiles estimated for this purpose on basis of data from Bureau of Public Roads on rural road and intercity travel and from average load data. Motor-carrier passenger-miles based upon Public Roads and Interstate Commerce Commission data.

3. Data from Office of the Chief of Engineers, U. S. Army. Does not include coastwise and intercoastal ton-miles, amounting to 221,448 millions, in 1949, as estimated by the U. S. Maritime Commission.

4. Interstate Commerce Commission, Bureau of Mines, and other data.

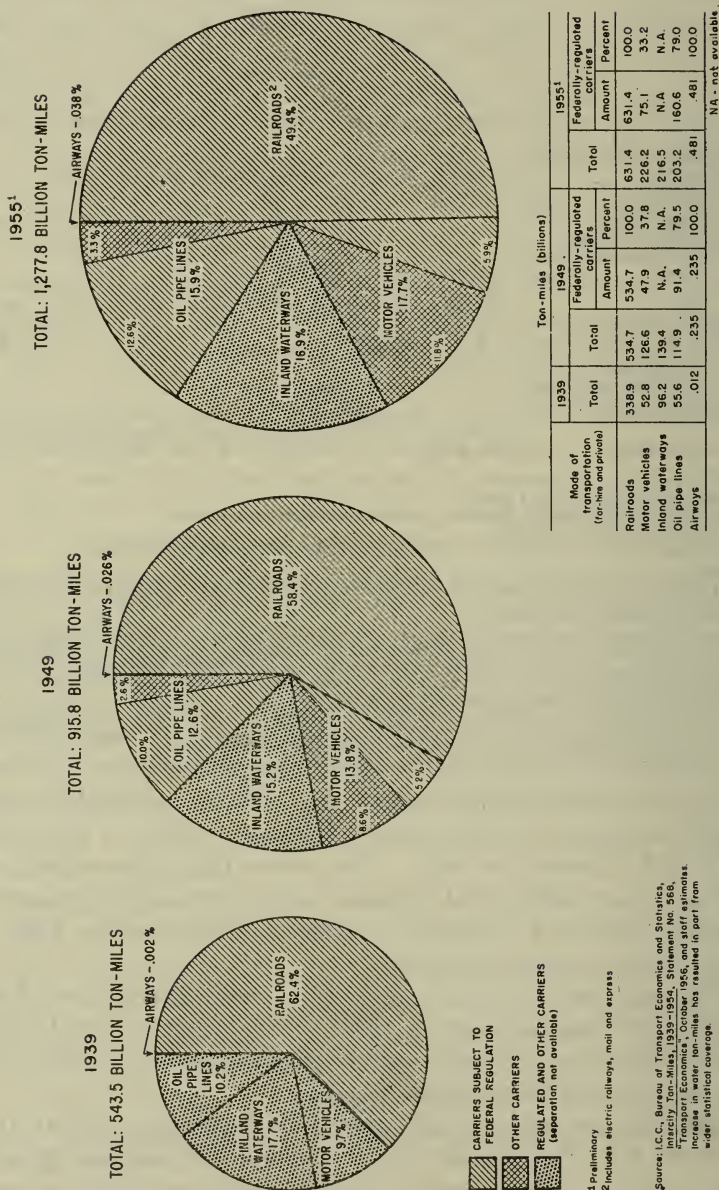
5. Based on Civil Aeronautics Board data and Civil Aeronautics Administration surveys, plus other data.

Latest available data indicate that private automobiles accounted for 88.21 percent of all intercity passenger-miles in 1955, compared with 87.79 percent in 1954. The percentage share of the airways, which in this table includes pleasure, business, and commercial flying, increased from 3.13 percent in 1954 to 3.42 percent in 1955. Shares of the other carriers decreased.

The accompanying chart shows the overall distribution of ton-miles by mode of transportation in 1939, 1949, and 1955. It also shows the breakdown of ton-miles according to whether the carriers are or are not subject to Federal regulation.

Railroad ton-miles in 1955 were 86.3 percent more than they were in 1939, but the railroad share of the total declined from 62.4 to 49.4 percent. The railroads, nevertheless, accounted for more ton-miles in 1955 than did all of the agencies embraced in the chart in 1939. Motor vehicle ton-miles increased nearly 328.4 percent, and their share of the total increased from 9.7 to 17.7 percent. Oil pipelines had a 265.5-percent increase in ton-miles and advanced from

INTERCITY TON-MILES, BY MODE OF TRANSPORTATION, AND DIVISION BETWEEN FEDERALLY-REGULATED AND OTHER CARRIERS, 1939, 1949, AND 1955



Sources: I.C.C., Bureau of Transport Economics and Statistics, Inter-city Ton-Miles, 1939-1954, Statement No. 568, Transport Economics, October 1956, and staff estimates. Inland waterways ton-miles was retained in part from earlier statistical coverage.

¹ Preliminary

² Includes electric railways, mail and express

10.2 to 15.9 percent of the total. Inland waterways had a 125.1-percent increase in ton-miles, partly the result of wider coverage, while their share of the total declined slightly from 17.7 to 16.9 percent.

A comparison of 1955 with 1949, however, shows only an 18.1-percent increase in rail ton-miles and a drop from 58.4 to 49.4 percent of the total. Motor transport had an increase of 78.7 percent in ton-miles, and its share of the total increased from 13.8 to 17.7 percent. Water carriers had a 55.3-percent increase in ton-miles (with extended coverage of waterways), and their share of the total went up from 15.2 to 16.9 percent. Pipelines had a 76.8-percent increase in ton-miles and advanced from 12.6 to 15.9 percent of the total. The actual increase in rail ton-miles was moderately lower than the increase in motor ton-miles, but exceeded the increase for water carriers or pipelines.

The increase of 18.1 percent in ton-miles from 1949 to 1955 for the railroads, wholly subject to regulation, compares with increases of 56.8 percent for regulated motor carriers; 92 percent for other motor carriers; 75.7 percent for regulated pipelines; and 81.3 percent for other pipelines. No figures are available to estimate how waterway ton-miles are divided, but the portion carried by regulated carriers obviously is relatively small. In this connection, 80.6 percent of the tons carried in 1955 by Great Lakes carriers and 59.7 percent of those carried by Mississippi system carriers were reported as transported under conditions which did not make the transportation subject to our regulation. Also, motor carriers transport a large volume of intrastate traffic.

Additional evidence of the growth of highway carriers is found in data published by the Bureau of Public Roads and estimates by our staff, supplemented by results of a special survey by the Bureau of Public Roads and the cooperating States, partly as a result of our request. They show that private carrier ton-miles on main rural roads increased from 16.1 billion in 1936 to 71.7 billion in 1955, or 345.9 percent, while ton-miles of all for-hire motor carriers advanced from 11.9 billion to 82.3 billion, or 591 percent. Comparable data are not available solely for carriers regulated by us.

Ton-miles on main rural roads are not wholly indicative of all intercity ton-miles. Their percentage relationship to total intercity motor-vehicle ton-miles declined from 77 percent in 1939 to 68 percent in 1955. The increase of 328.2 percent in total intercity motor ton-miles from 1939 to 1955 compares with an increase of 282.4 percent for motor carriers subject to our jurisdiction. Private, exempt, or wholly intrastate carriers thus are shown to have advanced relatively

more than motor carriers subject to our jurisdiction. Although a breakdown between the 3 categories is not available, there is other evidence to indicate that both exempt and private carriers' ton-miles have increased greatly.

This fact is further borne out by increases in intercity ton-miles of motor common carriers subject to our jurisdiction. Although this service showed a 337.5-percent increase from 1939 to 1955, compared with the 328.2-percent increase for all motor vehicles, it had an increase of only 48.2 percent from 1949 to 1955 compared with a 78.7-percent increase in total intercity motor ton-miles.

Thus it is apparent that the carriers we regulate in the motor and pipeline fields have had substantial ton-mile increases but a declining share of their own industries' totals, while the railroads, wholly regulated, had a relatively small increase in ton-miles and a declining share of the grand total.

INCOME ITEMS—CLASS I LINE-HAUL RAILROADS

Operating revenues of class I line-haul railroads in 1955 amounted to \$10,106 million. This figure was \$735 million or 7.8 percent above 1954, but 5.2 percent below 1953. Revenues were 13.5 percent above those for 1945, the year before the first of the postwar general freight rate increases went into effect. Freight service revenues, however, increased from \$6,717 million to \$8,838 million, or 31.5 percent, while revenue from passenger and allied services declined from \$2,173 million to \$1,267 million, or 41.7 percent. Railway operating expenses increased from \$7,384 million in 1954 to \$7,646 million in 1955, or by 3.5 percent. The operating ratio, the percentage that operating expenses are of operating revenues, decreased from 78.80 to 75.66 percent. Total railway tax accruals (Federal income taxes, payroll taxes, and all other taxes) increased 25.6 percent from \$861 million in 1954 to \$1,081 million in 1955. Federal income tax accruals increased 83.2 percent between the 2 years.

Net railway operating income (what is left from operating revenues after deducting operating expenses, all taxes, and equipment and joint facility rents) amounted to \$1,128 million in 1955 and exceeded that for any year since 1943, when it totaled \$1,360 million. The 1955 net railway operating income exceeded that for 1954 by \$254 million or 29.1 percent. Before Federal income taxes, the 1955 amount was \$1,542 million or 40.2 percent above that for 1954. Fixed interest on funded debt decreased successively each year from \$321 million in 1953 to \$306 million in 1955. The net income after all charges was \$927 million in 1955 as compared with \$682 million in 1954, \$903 million in 1953, and \$825 million in 1952.

The 1955 net income exceeded that for any other year in railroad history.

For the 12-month period ended with June 1956, operating revenues of class I line-haul railroads aggregated \$10,468 million and operating expenses amounted to \$8,043 million. These figures were 9.1 percent and 9.5 percent, respectively, above the corresponding figures for the preceding fiscal year. Net railway operating income increased from \$1,059 million to \$1,096 million and net income from \$859 million to \$908 million. For the first 7 months of 1956, net railway operating income decreased 8.2 percent under that for the same period in 1955 and net income decreased 9.3 percent.

Income items—class I line-haul railroads

Item	12 months ended with June 1956	Year ending December 31—			
		1955	1954	1953	1952
	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>
Railway operating revenues.....	\$10,468	\$10,106	\$9,371	\$10,664	\$10,581
Railway operating expenses.....	8,043	7,646	7,384	8,135	8,053
Operating ratio.....percent.....	76.83	75.66	78.80	76.29	76.11
Railway tax accruals.....	1,096	1,081	861	1,185	1,262
Net railway operating income.....	1,077	1,128	874	1,109	1,078
Fixed interest on funded debt ¹	306	306	313.	321	309
Net income.....	908	927	682	903	825
Federal income and excess-profits taxes ²	412	414	226	533	613
Net railway operating income before provisions for Federal income and excess-profits taxes.....	1,489	1,542	1,100	1,642	1,691
Net income before provisions for Federal income and excess-profits taxes.....	1,320	1,341	908	1,436	1,438

¹ Partly estimated.

² Included in railway tax accruals shown above.

The net working capital of class I line-haul railroads as of July 31, 1956, was \$1,346 million as compared with \$1,549 million on the same date in 1955, or a decrease of 13.1 percent. Excluding materials and supplies, the figures were \$595 million and \$870 million, respectively, a decrease of 31.6 percent.

As indicated in the following table, the carriers' net working capital position on July 31, 1956, was also less favorable than it was on the same date in both 1953 and 1954. Cash and temporary cash investments, which totaled \$1,650 million on July 31, 1956, were considerably below the level of both 1955 and 1953 but somewhat above 1954. The materials and supplies balance of \$751 million at the end of July 1956 exceeded the corresponding figure for 1955 but was below the amounts for the other 2 years shown in the table.

The total 1956 current liabilities of \$1,927 million were \$79 million above the 1955 total but \$187 million below those for 1953. The ratios of total current assets (both including and excluding materials and supplies) to current assets as of July 31, 1956, declined under the 2 preceding years and about equaled 1953. The ratio of cash and

temporary cash investments to current liabilities fell from 0.99 percent in 1955 to 0.86 percent in 1956.

Current assets and current liabilities, class I line-haul railroads as of July 31

Item	1953	1954		1955		1956	
	Amount	Amount	Per- cent of change from 1953	Amount	Per- cent of change from 1953	Amount	Per- cent of change from 1953
Total current assets.....	<i>Millions</i> \$3, 589	<i>Millions</i> \$3, 148	-12. 3	<i>Millions</i> \$3, 397	-5. 3	<i>Millions</i> \$3, 273	-8. 8
Cash and temporary cash invest- ments.....	1, 807	1, 509	-16. 5	1, 845	+2. 1	1, 650	-8. 7
Materials and supplies.....	833	789	-5. 3	679	-18. 5	751	-9. 8
Total current liabilities.....	2, 114	1, 784	-15. 6	1, 848	-12. 6	1, 927	-8. 8
Net working capital:							
Including materials and supplies	1, 475	1, 364	-7. 5	1, 549	+5. 0	1, 346	-8. 7
Excluding materials and supplies	642	575	-10. 4	870	+35. 5	595	-7. 3
<i>Ratios</i>							
Current assets to current liabilities:							
Including materials and supplies	1. 70	1. 76	-----	1. 84	-----	1. 70	-----
Excluding materials and supplies	1. 30	1. 32	-----	1. 47	-----	1. 31	-----
Cash and temporary cash invest- ments to current liabilities.....	. 85	. 85	-----	. 99	-----	. 86	-----

The following condensed income account shows that of the \$10,786 million of operating revenues and other income reported by class I line-haul railroads for the 12-month period ended June 30, 1956, \$4,634 million or 43.0 percent was absorbed in the cost of material, depreciation, taxes, operating rents and other operating expenses, except wages and salaries. There remained \$6,152 million for employees and investors, of which the employees' share was \$4,768 million or 77.5 percent and that of the investors, \$1,384 million or 22.5 percent. The employees' share of 77.5 percent in the fiscal year 1956 was slightly higher percentagewise than in the calendar year 1955, but somewhat lower than in the other years shown in the table. If payroll taxes, which are included with other taxes in the table, were treated as an addition to wages, the amounts available for employees and investors combined would be somewhat larger.

Selected freight-train and passenger-train operating averages of class I line-haul railroads for the first 7 months of 1956 and 1955 and for the calendar years 1955 and 1944 are compared in a following table. The volume of freight traffic as measured in revenue ton-miles in the January-July 1956 period was 6.3 percent above that of the same period in 1955 and as a result freight traffic density (net ton-miles per mile of road per day) also increased. The total tons of revenue freight carried increased by 7.9 percent, but the average haul per ton per road decreased from 244.1 miles in the 1955 period to 240.3 miles in 1956. The volume of passenger traffic as measured

Condensed income account—class I line-haul railroads

Item	12 months ended with June 30, 1956	Calendar year			
		1955	1954	1953	1952
Revenues and other income.....	<i>Millions</i> \$10, 786	<i>Millions</i> \$10, 377	<i>Millions</i> \$9, 647	<i>Millions</i> \$10, 942	<i>Millions</i> \$10, 870
Cost of materials, depreciation, and other expenses, except wages and salaries.....	3, 518	3, 146	3, 008	3, 308	3, 178
Taxes, including income, profits, and payroll.....	1, 116	1, 080	861	1, 185	1, 262
Total deductions.....	4, 634	4, 226	3, 869	4, 493	4, 440
Remainder for employees and investors.....	6, 152	6, 151	5, 778	6, 449	6, 430
Wages and salaries ¹	4, 768	4, 752	4, 627	5, 062	5, 063
Investors' share:					
Rent for leased roads ²	59	60	61	76	125
Interest on obligations.....	3 350	350	351	353	343
Other deductions ³	67	62	57	86	74
For dividends and surplus.....	908	927	682	872	825
Total.....	1, 384	1, 399	1, 151	1, 387	1, 367
Percent wages and salaries.....	77. 5	77. 3	80. 1	78. 5	78. 7
Percent investors' share.....	22. 5	22. 7	19. 9	21. 5	21. 3

¹ Chargeable to operating expenses and not including the following amounts of payroll taxes, in millions: 12 months ended June 30, 1956, \$315; year 1955, \$284; 1954, \$272; 1953, \$288; and 1952, \$291.

² Represents largely intercompany payments among railroads in the form of interest and dividends.

³ Partly estimated.

⁴ Miscellaneous deductions from income applicable to "other income" shown, contingent charges (capital and other funds), and amortization of discount on funded debt.

in revenue passengers carried and passenger-miles varied slightly between the two periods. The average journey per passenger per road decreased from 66.0 miles to 65.6 miles.

Significant indicators of operating efficiency in freight service, such as cars per train, gross and net tons per train, and gross ton-miles per train-hour, all averaged considerably higher in the first 7 months of 1956 than in 1944 and moderately higher than in 1955 of the first 7 months of 1955. Two important indicators of equipment utilization, car-miles per freight car day and net ton-miles per freight car day, showed improvement in the first 7 months of 1956 as compared with the 1955 averages. Utilization in the 1956 period, however, did not equal that of 1944. The average freight train speed (train-miles per train-hour) has varied slightly in recent years but is considerably higher than in 1944.

In passenger service the average speed of trains was moderately higher in the 7 months of 1956 than in the 1955 periods shown and considerably higher than in 1944. The average number of passengers per car and per train in the 1956 period exceeded those in 1955 but was far below the 1944 averages.

The condition of freight and passenger services locomotives and cars, as indicated by the percent unserviceable, was more favorable in the 7 months of 1956 than in the same period of 1955 and in the calendar year 1955, but was less favorable than in 1944 except in the case of passenger locomotives.

The traffic and earnings of transport agencies other than railroads are discussed in the opening chapter of this report. Statistical data supplementing the discussion are given in appendix A.

Operating averages, class I railroads

Item	First 7 months		Calendar year	
	1956	1955	1955	1944
Total ton-miles (billions).....	370.2	348.4	623.6	737.2
Tons of freight carried (millions).....	1,540.3	1,427.0	2,618.1	3,024.4
Total passenger-miles (billions).....	16.5	16.5	28.5	95.5
Number of passengers carried (millions).....	251.1	250.1	432.0	913.2
<i>Freight service</i>				
Net ton-miles per mile of road per day.....	8,087	7,684	7,922	9,441
Car-miles per freight-car day.....	44.8	43.5	44.5	49.3
Freight-car miles per train-mile:				
Loaded.....	42.7	42.7	42.6	34.9
Empty.....	24.0	23.7	23.5	18.2
Total.....	66.7	66.4	66.1	53.1
Gross ton-miles per train-mile.....	3,070	3,016	3,023	2,409
Net ton-miles per train-mile.....	1,398	1,358	1,372	1,138
Net ton-miles per freight-car day.....	940	889	923	1,086
Gross ton-miles of locomotives and tenders per locomotive-mile.....	311	310	309	267
Net ton-miles per loaded car-mile.....	32.8	31.8	32.2	32.7
Percent loaded of freight car-miles.....	64.0	64.3	64.5	65.8
Train-miles per train-hour.....	18.7	18.8	18.6	15.7
Gross ton-miles per train-hour.....	56,678	56,134	55,662	37,208
Miles per revenue ton per road.....	240.3	244.1	238.2	243.6
Percent unserviceable:				
Freight locomotives.....	12.2	14.5	14.0	12.4
Freight cars on line.....	3.9	5.8	5.2	2.5
<i>Passenger service</i>				
Revenue passenger-miles:				
Per train-mile.....	96.3	94.4	95.2	199.8
Per car-mile.....	18.0	17.6	17.8	32.2
Average journey per passenger per road (miles).....	65.6	66.0	66.0	104.7
Passenger train-miles per train-hour.....	40.0	39.8	39.8	34.8
Percent unserviceable:				
Passenger locomotives.....	10.3	13.3	13.1	12.8
Passenger cars.....	7.1	7.7	7.4	5.0

RATE PROCEEDINGS AND OTHER RATE ACTIVITIES

Increases in carrier costs caused rates and passenger fares to continue the upward course that began almost immediately after World War II. Early in the year, we authorized a 6-percent increase in the basic rates and charges of the railroads, water carriers, and freight forwarders, with important exceptions; increases of approximately 6 percent in motor common carrier rates in the various rate territories; and an increase of 7 percent in rates of the Railway Express Agency.

We also authorized increases of 5 percent in railroad passenger fares and about 6 percent in motor carrier passenger fares, while a request for further increases of 45 percent in first class fares and 5 percent in coach fares of certain eastern railroads is pending.

Costs generally continued to rise, however, and the improvement in carrier revenues was more than offset by higher expenses. On our own motion, we instituted a general investigation into the long-

continued deficit operation of passenger trains. The situation also led substantially all railroads in eastern and western territories and a number of railroads in southern territory to petition us to investigate the adequacy of all freight rates and charges of all railroads within the United States, and to authorize increases sufficient to meet the revenue needs of the carriers. The petition, filed September 27, 1956, requested that all carriers by railroad be made respondents in the proceedings. Petitioners specifically requested an increase of 15 percent in all freight rates and charges within, from, to, and via eastern territory and within, from, to, and via western territory. By order of October 1, 1956, in Ex Parte No. 206, *Increased Freight Rates, Eastern and Western Territories, 1956*, we have undertaken an investigation of the adequacy of all railroad freight rates and charges and of the reasonableness and lawfulness thereof, including the aforementioned 15-percent increases and proposed general increases that may be subsequently filed in the proceeding. All common carriers by railroad subject to the act were made respondents and provision was made for intervention of other carriers. Special means of expediting this investigation are being used.

We referred in our last report to our cancellation of the expiration date, December 31, 1955, to which the general increase of 15 percent (with exceptions) in rail, water-carrier, and freight-forwarder rates granted in Ex Parte No. 175, *Increased Freight Rates, 1951*, was subject. We also referred to our requirement that publication of the increases as surcharges be discontinued. These actions were taken by order dated October 17, 1955. In a report dated November 14, 1955, 297 I. C. C. 17, we set forth the reasons for these actions.

On December 27, 1955, substantially all class I and some other railroads sought special permission to file tariffs providing for a general 7-percent increase in freight rates and charges. This permission was granted the following day, and the railroads filed their tariffs on December 30, 1955, to become effective February 25, 1956, unless suspended by us or voluntarily postponed. At our request, they later were postponed voluntarily until March 7, 1956.

Concurrently with filing of their tariffs, the railroads presented affidavits in justification of the increase in rates based primarily on increased wages, prices of materials and supplies, and taxes amounting to more than \$500,000,000 a year. The wage awards were retroactive to October 1, 1955, for operating and to December 1, 1955, for nonoperating employees. The railroads contended that avoidance of delay was of substantial importance.

On January 4, 1956, we instituted an investigation, Ex Parte No. 196, *Increased Freight Rates, 1956*, into the lawfulness of the proposed increase, and provided for submission of evidence in affidavits by

any interested party under special rules of practice. Supplemental petitions asking for similar and related relief were received from common carriers by water and from freight forwarders. Division 2 held an oral hearing February 13-16, 1956. We heard oral argument February 20-22.

We invited cooperation of the State regulatory commissions, as permitted by section 13 (3), and a committee of State commissioners was appointed by the president of the National Association of Railroad and Utilities Commissioners. This committee sat with us throughout the hearing and oral argument. On March 2, 1956, we found that the proposed increases were not just and reasonable. We further found that a 6-percent increase in the basic rates and charges of the railroads, water carriers, and freight forwarders, with important exceptions, would be reasonable. Lesser increases, subject in some instances to a maximum per 100 pounds or ton, were authorized on various products of agriculture, livestock, coal and coke, phosphate rock, salt, lumber, potash, sugar, and cotton. We issued a report May 7, 1956, 298 I. C. C. 279, setting forth the findings of fact upon which the order of March 2 was based. No petitions other than those disposed of in our report of May 7 have been filed by any parties to the proceeding.

During the past year without formal investigation proceedings, motor common carriers were permitted to increase their freight rates and charges by approximately 6 percent in the respective rate territories and for interterritorial application, and the Railway Express Agency was permitted to increase many of its express rates by 7 percent.

In our last report we referred to two pending general class-rate proceedings—No. 30416, *Class Rates, Mountain-Pacific Territory*, and No. 30660, *Class Rates, Transcontinental Rail, 1950*. Since then we found that class rates within mountain-Pacific territory and between mountain-Pacific territory and the remainder of the United States east thereof were unjust and unreasonable, unduly and unreasonably prejudicial to mountain-Pacific territory, and unduly and unreasonably preferential of the remainder of the United States east thereof, 296 I. C. C. 555. We prescribed an interim basis of reasonable class rates based upon rates proposed by the western railroads and concurred in by the eastern railroads as a minimum, with provision for alternation in instances in which commodity or classification exception rates were higher, with permission to leave in effect certain truck-competitive rates, and subject to certain arbitraries on short and branch lines. We recognized that a reasonable test period would be necessary to determine the final effect of the prescribed class rates upon the carriers' revenues, and held the pro-

ceeding open for further consideration to determine such effect before final disposition.

On June 4, 1956, we denied petitions of certain rail carriers in the western district seeking reconsideration, modification, or further hearing of Docket No. 28300, *Class Rate Investigation, 1939*, 281 I. C. C. 213. In that proceeding we prescribed, among other things, a permanent scale of class rates for uniform application in the entire country east of mountain-Pacific territory. Denial of these petitions was sought by various State commissions, chambers of commerce, and shipper associations.

In our last annual report we referred to the investigations in No. MC-C-1795, *Increased Class Rates—Middle Atlantic Territory*; No. MC-C-1600, *Class Rates Between Middle Atlantic and New England Territories*; and No. MC-C-1646, *Class Rates Between Points in Middle Atlantic Territory*. These three proceedings involved the lawfulness of increased motor common carrier class rates between Middle Atlantic and New England territories, and within Middle Atlantic territory. On August 2, 1956, in a report of division 3, 67 M. C. C. 741, these rates were found unjust and unreasonable in certain respects. The tariffs were ordered canceled without prejudice to the filing of new schedules in conformity with the findings in the report.

INVESTIGATION OF PASSENGER TRAIN DEFICIT AND PASSENGER FARE DECISIONS

On March 19, 1956, in Docket No. 31954, *Railroad Passenger Train Deficit*, we instituted an investigation on our own motion into the deficit from passenger-train and allied services performed in passenger-train operations by railroads subject to our jurisdiction; the passenger revenues, operating expenses and other income items relating to net railway operating income; the rate of return upon investment in road and equipment property used in such service; our rules governing separation of operating expenses, railway taxes, equipment rents and joint facility rents between freight and passenger service; and possible ways of reducing and eliminating the railroad passenger-train deficit incurred in recent years. Conferences have been held by our staff with carrier representatives and a pre-hearing conference was held September 5, 1956, to consider the information and data that should be developed, procedures to be followed, and any other pertinent matters.

Institution of this proceeding was prompted by the serious concern which the passenger-service deficit causes not only the railroads, the State commissions, and ourselves, but also shippers and the public generally.

The deficit of class I line-haul railroads from passenger and allied services in 1955 was \$637 million compared with \$670 million in 1954, a decrease of 4.9 percent, and was the smallest for any year since 1950. The net railway operating income or deficit from these services is shown for the years 1936 through 1955 in the accompanying chart. The reduced deficit in 1955 did not result, however, from an increase in revenue from any allied services. Instead, the revenue from these services in 1955 was 3.4 percent below that for 1954, but the railroads were able to reduce the deficit, despite the decline in revenue, by cutting the related and apportioned costs and taxes 3.9 percent below the 1954 level.

The class I railroads' revenues from transportation of passengers amounted to approximately \$742.9 million in 1955, about \$24.4 million or 3.18 percent less than in 1954. The number of passengers carried was about 432 million, or about 7 million (1.68 percent) fewer than in 1954. The count of passengers carried includes some duplications arising from travel on two or more rail carriers. Revenue passenger-miles in 1955 aggregated 28.5 billion, about 2.6 percent under 1954 for the lowest volume of passenger-miles reported for any year since 1940, when such miles totaled 23.8 billion. The highest figure ever reached was 95.7 billion, in 1944.

Class I railroads received about \$286 million for transporting mail in 1955, a decrease of 6.8 percent under the 1954 revenue of approximately \$307 million. There was further diversion of mail traffic to motor carriers and to airlines.

The amount reported by class I railroads as express revenue represents receipts from the Railway Express Agency after the latter's expenses are met. This amount was about \$118 million in 1955, or approximately 2.58 percent more than the amount received in 1954.

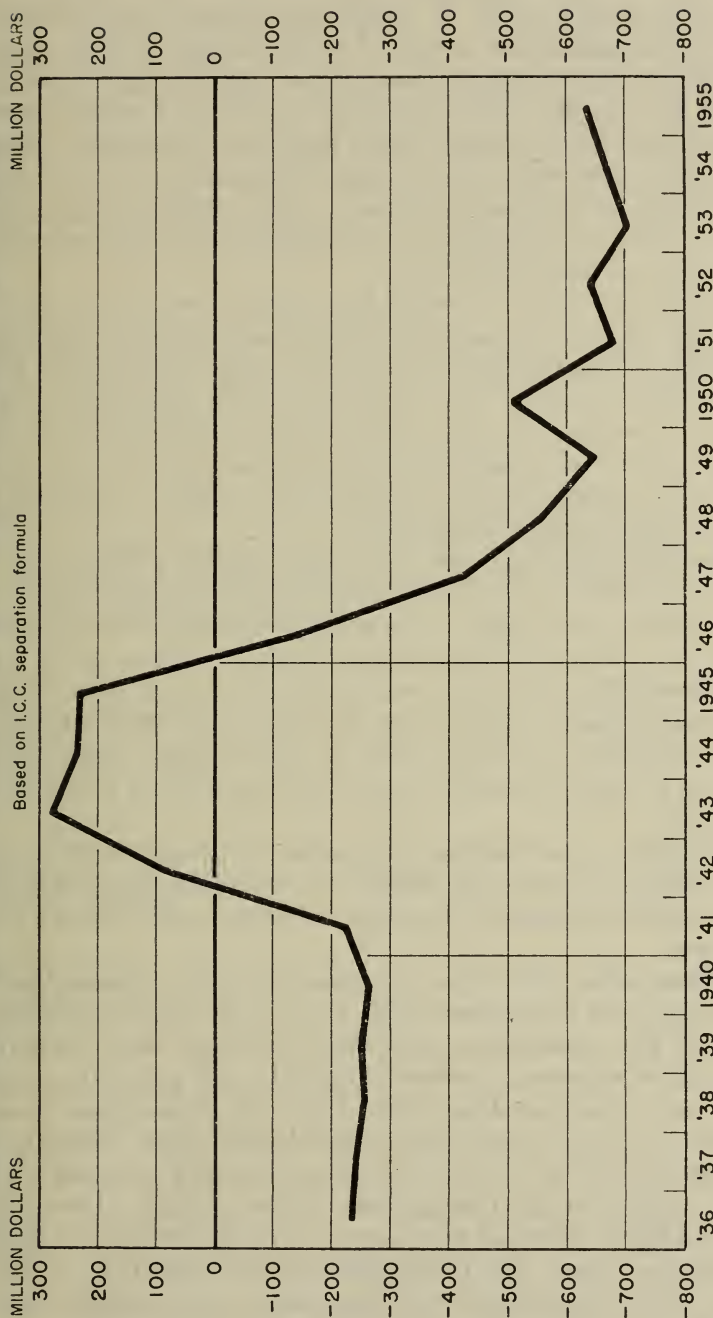
Revenue from transportation of milk in 1955 was about \$4.6 million or about 9.5 percent less than the \$5 million received in 1954.

Baggage revenues in 1955 were about \$1.7 million, or approximately 12.6 percent less than in 1954. In addition, a considerable amount of baggage is transported for which no separate charge is collected.

Total revenues from transportation of mail, express, baggage, and milk were about 4.3 percent less in 1955 than in 1954.

Total class I railway operating revenues assignable to passenger and allied services in 1955 amounted to \$1,267 million and total passenger-operating expenses, rents, and taxes were \$1,904 million. Thus, revenues derived from operation of passenger and allied services failed by about \$637 million—or \$33 million less than in 1954—to cover the operating expenses, taxes, and rents assigned and apportioned to these services under our rules.

NET RAILWAY OPERATING INCOME OR DEFICIT, PASSENGER SERVICE*, CLASS I LINE-HAUL RAILWAYS, 1936-1955



* Includes allied services

Source: I.C.C. Bureau of Transport Economics and Statistics,
Statistics of Railways in the United States

Solely related passenger-service operating expenses, taxes, and rents were \$1,352 million in 1955, and accounted for 71 percent of total passenger-service costs. Total passenger-service operating revenue for 1955 of approximately \$1,267 million thus failed by \$85 million to cover the solely related costs. The \$85 million represents as a minimum the expenses which should be covered by passenger-service revenues because it is a part of the expenses directly incurred in the operation of passenger service. This comparison does not allow for any return on investment in equipment and road property used exclusively for passenger service.

In Ex Parte No. 202, *Increased Fares, Eastern and Western Railroads, 1956*, 298 I. C. C. 378, we authorized those railroads to increase their standard fares generally by 5 percent. That decision was handled under the cooperative plan with, and had the approval of, a committee representing the State commissions in the eastern and western districts. We also authorized a like 5-percent increase in the standard fares in the southern district (Docket No. 31992). No hearing was held, and there was no opposition.

There is pending a request of certain eastern railroads for a 45-percent increase in their first-class fares and a further 5-percent increase in their coach fares. The proposal is being investigated under Docket No. 32032, *Increased Fares, Official Territory, 1956*.

In Docket No. 31451, *All American Airways, Inc., et. al. v. Abilene & Southern Railway Company, et al.*, 297 I. C. C. 313, referred to in the prior report, we found that the rail carriers' procedures and practices in granting special reduced fares for military travel were not unlawful.

Much of our work dealing with railroad passenger fares during the year reflects our continuing efforts, in cooperation with certain State commissions, to alleviate the losses incurred in handling mass transportation.

In Docket No. 31663 et al., *Commutation Fares Between New York, New Jersey, and Pennsylvania*, 297 I. C. C. 55, and related State proceedings, this Commission and the New Jersey and Pennsylvania commissions approved increased interstate and intrastate commutation fares in the New Jersey-New York and Philadelphia areas. In Docket No. 31742, *Chicago Intrastate Suburban Fares, Milwaukee Railroad*, 297 I. C. C. 353, this Commission prescribed increases in certain suburban fares in the Chicago area of the Chicago Milwaukee, St. Paul and Pacific Railroad Company. In Docket No. 31981, *Increased Commutation Fares, New Haven Railroad, 1956*, 298 I. C. C. 741, and related State proceedings, this Commission and the New York and New England State Commissions authorized increases, averaging about 20 percent, in commutation fares of that railroad.

In Docket No. 31566, *New Jersey & New York R. Co.'s Operation of Passenger Trains in New Jersey*, 299 I. C. C. 41, referred to in our last annual report, we found that the operation in intrastate commerce of a passenger train required by an order of the State Board of Utility Commissioners was not a "rate, fare, charge, classification, regulation, or practice" within the meaning of those terms as used in section 13(4) and that we had no jurisdiction to determine whether State-compelled operation of the train caused any undue prejudice or any unjust discrimination against interstate or foreign commerce.

GENERAL RATE WORK

The work described here is carried on primarily through our Bureau of Rates, Tariffs, and Informal Cases and through proceedings conducted by our Bureau of Formal Cases.

TARIFF AND RELATED FILINGS

During the year, 175,117 publications containing newly established or changed freight, express, pipeline, or freight-forwarder rates, passenger fares or contract-carrier minimum rates, were received for filing. The detailed figures follow:

PROPERTY

Common carrier:	<i>Tariffs received</i>
Rail.....	62, 455
Motor.....	85, 519
Water.....	1, 720
Express:	
Rail.....	806
Motor.....	485
Pipeline.....	590
Freight forwarder.....	7, 947
Total.....	159, 522
Contract carrier:	<i>Schedules received</i>
Motor.....	2, 480
Water.....	36
Total.....	2, 516
Total property.....	162, 038

PASSENGER

	<i>Tariffs received</i>
Rail.....	8, 149
Motor.....	4, 826
Water.....	104
Total passenger.....	13, 079
Grand total.....	175, 117

Of those tariff and minimum-rate schedules, 2,275 were rejected by the Bureau of Rates, Tariffs, and Informal Cases for failure to give notice required by the statute or for nonconformity with regulations, and 8,954 were criticized but were accepted for filing. Filings of powers of attorney, certificates of concurrence, and revocation notices aggregated 15,594. Applications requesting permission to change rates or other tariff provisions on less than statutory notice, or to depart from our publishing rules, numbered 11,613, and 86 were pending November 1, 1955, for a total of 11,699 applications. Of these, 10,225 were approved, 1,389 were denied, and 85 are pending. There were received and filed 2,933 copies of contracts between motor contract carriers and shippers, while 12,983 contracts or amendments to existing contracts between freight forwarders and motor common carriers were filed pursuant to section 409 of the act, as amended. Issuance of operating certificates and permits to motor carriers and the transfer of such operating rights are conditioned upon the filing of appropriate rate tariffs or schedules by the carriers involved. Such filings were checked in connection with issuance of 3,405 new or amended permanent certificates and permits and in connection with 1,646 transfers. Similar checks were made in connection with the granting of 3,393 applications for temporary operating authority. For use in our waybill statistics, 253,515 rail freight waybills were analyzed and checked to determine the first-class rates and short-line distances involved. A duplicate tariff file has been maintained for use by the public.

SUSPENSIONS

A total of 3,398 rate adjustments involving changes in tariffs and schedules of rail, motor, water, freight forwarder, and express carriers were disposed of by the Board of Suspension, division 2, or the Commission. Substantially all of the adjustments had been protested. Of the total of 3,398, 173 represented increases, 3,111 reductions, 87 both increases and reductions, and 27 neither increases nor reductions. There were 5,672 tariff publications involved in these rate adjustments.

The following actions were taken:

	Rail	Motor	Water	Pipe- line	Freight for- warder	Express	Total	
							Num- ber	Per- cent
Suspended in full.....	137	1,380	12	-----	51	2	1,582	46.5
Suspended in part.....	13	87	-----	-----	3	-----	103	3.0
Not suspended (permitted to become effective).....	335	671	14	1	42	9	1,072	31.6
Otherwise disposed of (schedules rejected, protests withdrawn, protested schedules canceled by carriers, etc.).....	114	515	6	-----	6	-----	641	18.9
Total.....	599	2,653	32	1	102	11	3,398	100.0

Of the 4,371 protests filed against these 3,398 adjustments, some were directed against more than one tariff publication, and some were joint protests. In many instances more than one request for suspension of the same tariff was filed. Among the protests were 26 from State Government agencies and 19 from Federal Government agencies.

Statements filed in opposition to suspension other than by proponent carriers numbered 454.

A total of 619 investigation and suspension proceedings instituted by the Board or a division, some of which involved more than 1 adjustment, were discontinued prior to hearing on advice of the carriers that they would not attempt to justify the suspended matter.

FOURTH-SECTION APPLICATIONS

The number of applications for relief from the long-and-short-haul and aggregate-of-intermediates provisions of section 4 was 1,573, an increase of 152 from the previous year. Except for applications which resulted in oral hearing, this work was handled to completion by the Fourth Section Board. The number of orders entered by the Board or by us in response to applications was 1,368, of which 87 were denial orders, 1,224 were orders granting continuing relief, and 57 were orders granting temporary relief. We issued 7 formal reports relating solely to fourth section matters. Applications withdrawn, in whole or in part, after correspondence with carriers, numbered 46. Petitions filed for modification of outstanding orders totaled 344, of which 320 were granted in whole or in part, 2 were denied, and 22 were pending. Applications or portions thereof which were heard numbered 25. (See Legislative Recommendation No. 2, p. 160.)

RELEASED RATES

Applications for authority under sections 20 (11), 219, and 413 of the act to establish rates dependent upon declared or agreed value totaled 79, and 8 were pending November 1, 1955. Of the 87, 57 were granted, 6 denied, 14 withdrawn, and 2 transferred to the Ex Parte Docket, with 8 pending. During the year, 13 orders previously entered were rescinded. The following ex parte cases are pending: No. MC-49, *Released Rate Rules—National Motor Freight Classification*, and No. 197, *Consolidated Freight Classification and Uniform Freight Classification*.

FORMAL RATE PROCEEDINGS

In prior years our Bureau of Formal Cases has conducted hearings and prepared proposed reports and drafts of final reports in com-

plaints and investigations, and investigation and suspension proceedings, relating to railroads, express, pullman, water-carrier, pipeline, and freight-forwarder rates, fares, charges, rules, regulations and practices. In September 1955 we also assigned to this Bureau all formal proceedings with respect to motor-carrier rates, fares and charges, and the rules, regulations, and practices relating thereto. These proceedings previously had been assigned to the Section of Complaints, Bureau of Motor Carriers. Thus, this Bureau now processes all complaints and investigations, including investigation and suspension proceedings, relating to rates, fares, charges, rules, regulations, and practices of all transportation companies subject to the Interstate Commerce Act.

In the year, 222 formal complaints, including subnumbers, were filed and 24 investigation and 197 investigation and suspension proceedings were instituted in rate cases other than motor rate cases and exclusive of fourth-section and ex parte proceedings. We rendered decisions in 376 cases, including cases pending at the beginning of the period, and 114 were dismissed or discontinued. The total of 490 cases disposed of compares with 407 in the preceding year.

There were 82 formal complaints, including subnumbers, and 53 investigation and 1,207 investigation and suspension proceedings instituted in motor rate cases. Cases disposed of by reports or by effective recommended orders of examiners totaled 544 and 1,039 cases were dismissed or discontinued. The total of 1,583 cases disposed of compares with 1,433 in the preceding year.

Approximately 30 formal and investigation and suspension rate proceedings were reopened for further hearing and reconsideration, 5 of which involved motor-carrier rates and 25 other than motor-carrier rates.

In proceedings other than motor, we conducted 229 oral hearings, held 47 oral arguments, and took approximately 74,985 pages of transcript, as compared with 237 hearings, 47 arguments, and 75,059 pages of transcript. Included is a relatively small number of proceedings on other than rate matters.

In motor-carrier rate proceedings, we conducted 62 oral hearings, held 2 oral arguments, and took approximately 8,881 pages of transcript.

The following is a summary of rate proceedings dealt with in the years ended October 31, 1953, 1954, 1955, and 1956. Included are formal proceedings handled with or without oral hearings by the Fourth Section Board, Bureau of Rates, Tariffs and Informal Cases.

	1953		1954		1955		1956	
	Rail ¹	Motor	Rail ¹	Motor	Rail ¹	Motor	Rail ¹	Motor
Pending as of October 31.....	542	403	604	645	550	735	573	786
Instituted in year:								
Formal complaints filed.....	233	44	233	39	203	89	183	80
Subnumbered complaints filed.....	43	1	38	-----	31	3	39	2
Investigations ²	27	33	29	25	24	28	24	53
Investigation and suspension proceedings.....	110	857	121	1,167	254	1,350	197	1,207
Totals.....	413	935	421	1,231	512	1,470	643	1,342
Disposed of in 12-month period:								
By report of Commission or a division.....	284	64	350	37	358	159	376	342
By effective recommended order.....	-----	100	-----	147	-----	206	-----	202
Dismissed or discontinued.....	86	540	128	963	49	1,088	114	1,039
Totals.....	370	704	478	1,147	407	1,433	490	1,583
Under submission as of October 31....	48	54	35	148	31	161	84	36
Pending as of October 31.....	604	645	550	735	573	786	477	545
Other rate proceedings disposed of by formal reports:								
Ex Parte proceedings.....	13	-----	15	-----	10	-----	13	-----
Fourth-section applications.....	15	-----	19	-----	6	-----	56	-----
Fourth-section applications disposed of without formal reports.....	1,084	-----	1,230	-----	1,681	-----	1,941	-----
Petitions disposed of.....	338	155	343	282	319	127	293	218

¹ Includes express, pullman, water-carrier, pipeline, and freight forwarder rates, fares, and charges.

² Reports for years 1953, 1954, and 1955, included rail rate investigations with "Formal complaints filed."

Percent of formal rate proceedings handled by the modified procedure method

Kind of rate proceedings	12-month period ending July 31			
	1953	1954	1955	1956
Other than motor carrier:				
Formal complaints.....	75	76	74	55
Investigation and suspension proceedings.....	58	41	43	33
Motor carrier:				
Formal complaints.....	49	53	72	57
Investigation and suspension proceedings.....	50	60	89	91

INFORMAL RATE AND OTHER WORK

The number of informal complaints (other than complaints as to rates handled by the Field Section, Bureau of Motor Carriers) filed under parts I, II, III, and IV of the act was 1,409, a decrease of 222 under the number last year. These complaints are handled by the Section of Informal Complaints, Bureau of Rates, Tariffs, and Informal Cases. The number disposed of was 1,742. In a large number of the complaints reductions in rates and refunds of overcharges were obtained for shippers and passengers, as were payments of damages for the misrouting of shipments by the carriers. Also, many adjustments of claims for damage to freight were effected as a result of informal handling with the carriers.

Rail carriers filed 1,355 special-docket applications for authority to refund freight charges alleged to be unreasonable, a decrease of 107. Refunds were authorized in 1,020 cases, a decrease of 154, and reparation thereunder was awarded in the sum of \$1,113,970.81. In addition, 316 special-docket cases were dismissed or disposed of without orders.

The Section also handled approximately 12,200 letters, many of which had the characteristics of informal complaints although not classified as such.

As seen, the Section assists interested parties in adjusting their rates and other transportation difficulties through the medium of informal conferences and by correspondence. Through its efforts, problems of complainants and defendants, in appropriate cases, are handled by an inexpensive procedure. We have encouraged litigants to avail themselves increasingly of informal procedure and informal conferences with the section wherever practical, with a view to saving time, effort, and expense for themselves as well as for the Government.

GOVERNMENT REPARATION CASES

The complainant's petition for reconsideration of our decision dismissing the complaints in these cases, *War Materials Reparation Cases*, 294 I. C. C. 5, was denied January 9, 1956, for reasons stated in a supplemental report, 297 I. C. C. 635. (See Legislative Recommendation No. 3, p. 160.)

DIVISIONS OF RATES

A report was published in Docket No. 29885, *In the Matter of Divisions of Joint Rates Between Official and Southern Territories*, 298 I. C. C. 83. Two cases are pending in Dockets Nos. 31503 and 31627, *Akron, C. & Y. R. et al. v. Atchison, T. & S. F. Ry. Co.* Hearings have been held in part in the first or transcontinental case. The second case involves divisions on traffic moved between eastern and western trunkline territories.

A request for investigation of the divisions practices of certain motor carriers in the Middle West is before us in Docket No. MC-C-2019, *Advance Transportation Co., et al. v. Edward E. Allard et al.* This proceeding is the first one in which we have been asked to use the powers over divisions vested in us by section 216 (f).

CASES OF SPECIAL IMPORTANCE

Reports were published in the following railroad rate investigations of special importance and not mentioned elsewhere in this report:

No. 17000, Part 7, *Grain and Grain Products Within the Western District and for Export* (298 I. C. C. 261). Prior findings and orders

entered in 205 I. C. C. 301 and 215 I. C. C. 83, relating to rates and charges on coarse grains within the western district, vacated and set aside.

No. 29572, *United States of America v. Ahnapsee and Western Railway Company et al.* (297 I. C. C. 635). Petition of complainant for reconsideration of findings in original report, 294 I. C. C. 5, considered and denied.

No. 30958, *Reduced Rates on Pulpwood in Southern Territory* (297 I. C. C. 735).

No. 31342, *Proposed Increased Refrigeration Charges* (297 I. C. C. 505). Upon petition of rail carriers, just and reasonable increases in their refrigeration charges throughout the United States authorized.

No. 31589, *Pocahontas Fuel Company, Inc., v. Norfolk & Western Railway Company et al.* (297 I. C. C. 325). Rates on bituminous coal from mines in certain districts of Virginia, West Virginia, and Kentucky to Baltimore, Md., for transshipment to points in Baltimore harbor other than Sparrows Point, Md., found unreasonable. Reasonable rates prescribed and reparation awarded.

I. and S. No. 5269, *Iron and Steel to Iowa, Minnesota, Michigan, and Wisconsin* (297 I. C. C. 363).

I. and S. No. 5500, *Unloading Charges on Fruits and Vegetables at New York and Philadelphia* (298 I. C. C. 637).

I. and S. No. 5979, *Routing Restrictions over Seatrail Lines, Inc.* (296 I. C. C. 767).

I. and S. No. 6300, *Fine Coal from Midwestern Mines to Chicago* (298 I. C. C. 37).

Reports were published in the following motor-carrier rate investigations of special importance and not mentioned elsewhere in this report.

No. MC-C-1170 et al., *Minimum Rates—Floyd J. Martella—Appar Bros.* (66 M. C. C. 125). Held that burden of proof does not rest with motor contract carrier respondent to justify initial minimum rates.

No. MC-C-1524, *Long Island Arbitraries, 1953* (66 M. C. C. 621). Supplemental report and order prescribing reasonable basis of rates between southern territory and points on Long Island.

I. and S. No. M-3509 et al., *Inside Pickup and Delivery* (66 M. C. C. 319). On reconsideration by the entire Commission motor carrier rules providing for pickup and delivery of freight at points beyond the carriers' vehicles found not unlawful.

I. and S. No. M-5672, *Pickup and Delivery Allowance—American Transportation, Inc.* (66 M. C. C. 329). Held that an allowance by a carrier to a shipper for the furnishing by the latter of a facility or service for which allowances are maintained in tariffs filed pursuant

to section 225 of the act is not the same as a "charge" by the carrier, nor is it a "privilege or facility" of the carrier.

No. MC-C-1558 et al., *Eastern Central Motor Carriers Association, Inc. v. Transamerican Freight Lines, Inc.* (67 M. C. C. 15). Motor common carrier truckload or volume minimum weights which are lower than those contemporaneously maintained by motor common carriers generally in the territories in connection with the same class and commodity rates, between middlewestern and eastern territories, found not shown to be unlawful.

I. and S. No. M-7104, *Restrictions—Central and Western States* (66 M. C. C. 661). Motor carrier tariff provision for the application of combination rates in lieu of certain joint rates which exceed aggregate of intermediates found lawful.

I. and S. No. M-7168. *Pig Lead from New York Piers to Scranton, Pa.* (66 M. C. C. 793). Entire Commission approved motor carrier rates subject to minimum weight requiring utilization of multiple vehicles.

No. MC-C-1864, *New England Motor Rate Increases, 1955* (66 M. C. C. 215, 66 M. C. C. 516, 67 M. C. C. 75). Rates and charges of motor common carriers of property in New England territory found by the entire Commission less than reasonable, and reasonable rates and charges prescribed for the future. Investigation instituted on petition requesting approval of general increases and prescription of increased rates.

No. MC-C-1769, *Computation of Deadhead Rates or Charges on One-way Charter Parties* (68 M. C. C. 285). Tariff provisions governing the computation of "deadhead charges" on one-way charter party movements by motor common carriers of passengers interpreted.

No. MC-C-1468, *Royal Manufacturing Company, Inc. v. Huber & Huber Motor Express, Inc., et al.* (66 M. C. C. 237). Tariff provisions treating each portion of a single shipment loaded to the capacity of a vehicle as a separate shipment subject to the volume rate and minimum weight, the overflow to be charged at the actual weight, found potentially discriminatory and unjust and unreasonable.

Some pending rail rate investigations of special importance not mentioned elsewhere, are as follows:

I. and S. No. 6646, *Increased Demurrage Charges—1956.*

No. 31711, *Fresh Vegetables from Texas, California, Arizona, and New Mexico.*

No. 31774, *The Ahnappee and Western Railway Company et al. v. The Akron & Barberton Belt Railroad Company et al.* Involves the lawfulness of the railroads' per diem, mileage, demurrage and storage agreement. Modification requested.

No. 31785, *Iron or Steel Articles over Barge Lines.*

No. 31865, Iron and Steel Within and to the Southwest.

No. 31860, Steel Pipe from East to Southwest.

No. 31874, Southeastern Association of Railroad and Utilities Commissioners et al. *v.* The Atchison, Topeka and Santa Fe Railway Company et al. The rates on grain and grain products within Southern territory and to and from points in that territory are alleged to be unlawful.

No. 31944, Pickup and Delivery Restrictions. Investigation of reasonableness of tariff rules providing that pickup and delivery service will not be performed where strikes and riots are in progress.

No. 32013, Ezra Taft Benson, Secretary of Agriculture of the United States *v.* Chicago, Burlington & Quincy Railroad Company et al. This complaint seeks designation of stockyards in tariffs, and provisions for loading and unloading stock free of any charge in addition to the line-haul rates.

Some pending motor-carrier rate investigations of special importance, not mentioned elsewhere, are as follows:

No. MC-C-1891, Oil Field Equipment, Materials and Supplies to and Between the Southwest. General investigation of the rates, charges, rules, regulations, and practices, including the extent of our jurisdiction over certain traffic; the propriety and lawfulness of transit arrangements, storage privileges, loading, unloading, and other terminal services, and of allowances and absorptions; and all other practices affecting the rates and charges of motor carriers for transportation in interstate and foreign commerce of oilfield equipment, including machinery, pipe, casing, oilwell tubing, drill pipe, and for the stringing, picking up, and dismantling of pipelines within an area embracing Arkansas, Colorado, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, Tennessee, and Texas.

No. MC-C-1849 et al., United States of America *v.* Davidson Transfer & Storage Company et al. Principal issue is whether we have jurisdiction to determine reasonableness of motor common carrier rates charged in the past.

No. MC-C-1510 et al., Iron and Steel Articles—Eastern Common Carriers. General investigation of rates maintained by motor common carriers, and the minimum rates of motor contract carriers, as well as of the common carriers by railroad on iron and steel articles between points in official territory.

No. MC-C-1762, Seattle Traffic Association et al. *v.* Consolidated Freightways, Inc., et al. Complaint alleging that the rates and charges maintained and applied by motor common carrier defendants between North Pacific Coast points and points in Washington, Oregon, Idaho, Montana, and Utah, are unjust and unreasonable, and

unduly preferential of certain North Pacific points and unduly prejudicial to other North Pacific points.

No. MC-C-1615, Southern Motor Carriers Rate Conference, Inc. v. Central Motor Lines, Inc. et al. Complaint alleging that the rates and charges maintained by motor common carrier defendants on class-rated shipments of less than 2,000 pounds, between points in southern territory and points in eastern trunkline and New England territories, are unjust and unreasonable, and not adequately compensatory, will result in and create and cause unfair and destructive competitive practices, will endanger the existence of a reasonable motor rate structure, and are in violation of the Interstate Commerce Act and the national transportation policy.

No. MC-C-1936, Pickup and Delivery Charges—Transcontinental I. and S. No. M-8291, Pickup and Delivery Restrictions—California, I. and S. No. M-8306, Pickup and Delivery Restrictions—Transcontinental, and I. and S. No. M-8352, Pickup and Delivery Restrictions—Calif., Nev., and Ariz. See No. 31944 above.

Intrastate rates.—Reports have been published in the following investigations instituted under section 13 (3):

No. 25566, *Intrastate Rates on Bituminous Coal Within Ohio* (report on further hearing), 298 I. C. C. 85.

No. 31494, *Kentucky Intrastate Rates and Charges on Coal*, 297 I. C. C. 575.

No. 31585, *Montana Intrastate Express Rates and Charges*, 298 I. C. C. 127.

No. 31660, *Arkansas Intrastate Freight Rates and Charges*, 298 I. C. C. 547.

No. 31687, *Arizona Intrastate Freight Rates and Charges*, 298 I. C. C. 163.

No. 31742, *Chicago Intrastate Suburban Fares on Milwaukee Railroad*, 297 I. C. C. 353.

Rate bureaus.—Three new agreements and 10 proposals to amend agreements previously approved were filed under section 5a in the year. Agreements and proposals to amend which were awaiting action at the beginning of the year numbered 15. Of the total of 28 applications and proposals to amend before us in the year, 7 were approved as submitted, 15 were approved after modifications required by us had been made, and 9 were pending at the close of the period, including 3 reopened cases. Application No. 46, *Southern Motor Carriers—Agreement* (297 I. C. C. 603) was among the important proceedings of this nature in the year. Since enactment of section 5a, June 17, 1948, a total of 88 applications, including proposals to amend, have been acted on, of which 14 related to rail, 60 to motor, 12

to water, and 2 to freight forwarder transportation. We have required modifications before approval in all except 10 of these rate-making agreements. The changes required have related principally to matters involving the right of taking independent action.

OPERATING AUTHORITIES

The year was marked by substantial activity in the demand for additional motor-carrier service. We granted many certificates and permits for new or extended motor-carrier operations as a result of shipper demands and the carriers' applications based upon such demands. We also dealt with operating authority proceedings which involved brokers, water carriers, freight forwarders, and railroads, but the great bulk of this work related to motor carriers.

MOTOR CARRIERS

The particular fields in which a substantial number of grants of new or extended authority were made included frozen foods, petroleum and petroleum products, and other liquid and dry-bulk commodities in tank vehicles.

The fast-growing frozen food industry embracing frozen citrus products, fruits and vegetables, and other food items in constantly increasing numbers produced a strong demand for expedited refrigerated transportation service by motor vehicle. A trend toward use of tank vehicle service has been apparent in the transportation of petroleum and petroleum products from newly opened pipeline and barge terminals, and in the general transportation of chemicals, acids, fertilizers, and many other liquid commodities. This trend also has been noted in the shipment of various dry-bulk commodities, such as cement, by tank vehicle. There also has been a persistent demand for additional motor service to meet special requirements of shippers from new points of production, or for transportation of newly developed products and commodities.

In the interest of economy and improved operations, a number of existing motor carriers have sought to reduce their operating mileage by eliminating certain required gateways and by the establishment of new and more direct-line gateways through which to operate. Certain of these applications have been very substantial, highly protested, and of significance to the industry generally. See No. MC-64994 (Sub-No. 10), *Hennis Freight Lines, Inc.—Elimination of Delphos and Greensboro Gateways*, decided June 15, 1956.

Somewhat along the same lines, certain railroads and their affiliates conducting motor-carrier operations in substituted motor-for-

rail service, particularly for the transportation of less-than-carload shipments, have applied for modifications of their existing certificates so as to permit more economical service and to release boxcars for rail carload movements. See No. MC-61438, et al., *Kansas City Southern Transportation Co. Com. Car. Application*, 66 M. C. C. 669.

There has been some tendency on the part of motor carriers of general commodities operating over irregular routes to seek authority to convert such operations, in whole or in part, to operations over regular routes. Some have been very extensive territorially and extremely controversial. See No. MC-72442 (Sub-No. 4), *Akers Motor Lines, Incorporated, Extension—Regular Routes*, decided March 20, 1956.

In disposing of numerous applications, complaints, and petitions for declaratory orders, we dealt with complex and difficult questions requiring the construction and interpretation of motor carrier operating rights. The questions involved are of general importance to the industry. Some of these proceedings are: No. MC-30138 et al., *A. C. E. Transportation Company, Inc., Interpretation of Certificate*, 67 M. C. C. 427, decided June 21, 1956, determining the effect of restrictive clauses in certificates of operating authority; No. MC-106379 (Sub-No. 12) et al., *Gulf Southwestern Transportation Company Extension—East Coast*, 62 M. C. C. 217, decided June 11, 1956, confirming the authority of so-called heavy-haulers to perform pipeline stringing operations; No. MC-65392 (Sub-No. 68) et al., *Automobile Shippers, Incorporated, Extension—Show Cars and Displays*, 67 M. C. C. 201, decided June 13, 1956, No. MC-31024 (Sub-No. 20), *Neptune Storage, Inc., Extension—Tabulating Machines*, 67 M. C. C. 319, decided June 13, 1956, and MC-C-1640 et al., *American Red Ball Transit Co., Inc., v. McLean Trucking Co., Inc.*, 67 M. C. C. 305, decided June 13, 1956, all involving construction of the authority of "household goods" carriers; No. MC-5649 (Sub-No. 16), *Kulp and Gordon, Inc., Extension—Specified Iron and Steel Products and Scrap*, 67 M. C. C. 391, decided June 22, 1956, involving interpretation of the commodity description "structural steel and iron"; and No. MC-C-1587, *Heuer Truck Lines, Inc.—Revocation of Certificate*, 66 M. C. C. 47, decided November 17, 1955, involving interpretation of the description "groceries."

We continue to receive petitions for modification of the zones and areas established in Ex Parte No. MC-37, *Commercial Zones and Terminal Areas*, 46 M. C. C. 665 (1946). Cases of this kind concluded in the year involved revision of the prescribed zones of New Orleans, La., 66 M. C. C. 709, and Charleston, W. Va., 67 M. C. C. 701. Also of interest is Ex Parte No. MC-48, *Determination of*

Jurisdiction over Transportation of Petroleum and Petroleum Products by Motor Carriers Within a Single State, now under investigation.

During the year, motor carriers filed 457 notifications of deviations to alternate routes from the regular routes prescribed in their operating authorities. Such notifications were authorized by an order of Division 5 of June 28, 1955. We also receive many applications for temporary authority to operate and some applications temporarily to lease or control pending decisions on applications under section 5. Field investigations of such applications numbered 3,592.

A substantial number of violations of operating rights and orders to show cause why operating rights should not be revoked for failure to maintain insurance or to comply with tariff rules also were dealt with during the year. The Field Staff investigated to determine whether proceedings should be instituted to revoke the operating authorities of over 500 motor carriers. (See also "Enforcement Activities" and also Legislative Recommendation No. 13, p. 167.)

During the year the former Section of Complaints and the former Section of Certificates, which had handled the subjects discussed above, were consolidated into the Section of Operating Rights, Bureau of Motor Carriers. This has enabled us to provide better balanced and quicker service in the disposition of motor-carrier matters. As noted in the chapter, Practice and Procedure, several important practices have been instituted to reduce the total time required for processing applications to final decisions.

Of application cases decided in the year, 22 percent were handled without oral hearings. The Field Staff, Bureau of Motor Carriers, investigated 3,001 applications and made recommendations as to whether they could be disposed of under this procedure.

VOLUME AND DISPOSITION OF WORK

The following table indicates the condition of the docket of the Section of Operating Rights with respect to applications for, or other actions on, operating authorities.

	Nov. 1, 1954, to Oct. 31, 1955	Nov. 1, 1955, to Oct. 31, 1956
Applications for common-carrier certificates, contract-carrier permits, brokers licenses:		
Received.....	2,596	3,365
Reopened.....	100	150
Hearings.....	1,940	2,033
Under submission at end of period.....	550	371
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report.....	693	682
By effective recommended orders.....	1,327	1,390
By report of the Commission or a division of the Commission.....	1,074	1,153
Applications granted in whole or in part.....	1,642	1,984
Applications denied or dismissed in report.....	759	569
Pending at end of period.....	2,337	2,216
Petitions disposed of.....	619	1,030

	Nov. 1, 1954, to Oct. 31, 1955	Nov. 1, 1955, to Oct. 31, 1956
Complaints, rulemaking, and revocation proceedings:		
Formal complaints filed, including subnumbers.....	28	21
Investigations instituted.....	37	23
Reopened.....	7	13
Hearings.....	39	39
Under submission at end of period.....	21	29
Disposed of, including subnumbers and reopened proceedings:		
Dismissed or discontinued.....	24	12
By effective recommended order.....	28	7
By report of the Commission or a division of the Commission.....	38	37
Pending at end of period.....	76	77
Petitions disposed of.....	112	177
Applications for transfer or lease of operating rights under sec. 212 (b):		
Received.....	1, 171	1, 036
Disposed of.....	1, 162	994
Granted in whole or in part.....	974	837
Denied.....	168	157
Pending at end of period.....	74	116
Petitions disposed of.....	74	58
Statements under second proviso of sec. 206 (a) (1):		
Received.....	503	654
Disposed of.....	463	661
Pending at end of period.....	40	33
Applications for temporary authority under sec. 210a (a):		
Received.....	3, 030	3, 468
Disposed of.....	3, 024	3, 490
Granted in whole or in part.....	2, 613	2, 987
Denied.....	411	493
Pending at end of period.....	40	28
Petitions disposed of.....	159	181
Notification of deviation from regular routes:		
Received.....	52	457
Disposed of.....	44	464
Pending at end of period.....	8	1
Petitions disposed of.....	0	15
Orders directed to motor carriers to show cause why operating rights should not be revoked for failure to maintain insurance or comply with tariff rules:		
Orders issued.....	158	154
Disposed of.....	201	168
Pending at end of period.....	38	24
Temporary authority applications under sec. 210a (b):		
Received.....	101	124
Disposed of.....	95	126
Granted in whole or in part.....	65	89
Denied.....	30	37
Pending at end of period.....	9	7
Petitions disposed of.....	29	35

There were 1,978 oral hearings and 3 oral arguments in the period, at which approximately 269,264 pages of transcript were taken, as compared with 1,892 hearings, 6 arguments, and 258,119 pages in the previous period.

NUMBER OF MOTOR CARRIERS AND BROKERS

The following statement shows the number of motor common and contract carriers and brokers whose operations are subject to regulation under part II of the act. Motor carriers operating exclusively under temporary authority under section 210a (a) are not included.

Motor carriers	As of October 31, 1955	As of October 31, 1956
<i>Property carriers</i>		
Common—issued certificates under sections 206 and 207.....	12,936	12,613
Common—under State certificates registered under section 206 (a) (1).....	2,628	2,681
Contract—issued permits under section 209.....	2,633	2,625
Total property carriers.....	18,197	17,919
<i>Passenger carriers</i>		
Common—issued certificates under sections 206 and 207.....	1,248	1,225
Common—under State certificates registered under section 206 (a) (1).....	123	124
Contract—issued permits under section 209.....	19	18
Total passenger carriers.....	1,390	1,367
Total motor carriers.....	19,587	19,286
Brokers issued licenses under section 211:		
Property.....	84	81
Passenger.....	121	127
Total brokers.....	205	208

INVENTORY OF MOTOR CARRIER OPERATING RIGHTS

We referred in our 67th annual report to the need for a record system which would enable us to ascertain readily the names of carriers authorized by us to transport commodities of given kinds between given points or within given territories. We stressed that such information was required to enable us to perform adequately our duty to foster the development of a sound transportation system, adequate to the needs of the public. Our request for an earmarked appropriation for this purpose was not granted. With the benefit of further developments in electronic machines and the cooperation of a manufacturer of such equipment, a pilot study of the feasibility of developing such a record was made during the year under the direction of our Bureau of Transport Economics and Statistics. The results led to our desire to proceed with the development of a complete record of this kind.

WATER CARRIERS

Of the 29 water-carrier applications decided during the period, 5 granted new rights, 14 granted extensions of rights, and 3 exempted the applicants' operations from the provisions of the act. Two extensions covered lumber in eastbound intercoastal service. Other grants included authority to 3 small passenger operators on the Mississippi River system, and 2 extensions on the Green River.

In No. 31765, *Pan-Atlantic S. S. Corp. Operating Rights*, 297 I. C. C. 773, the question as to whether the operating right included

authority to transport property loaded in motor-vehicles, trucks, or trailers was decided in the affirmative.

Applications by water carriers for certificates and permits continued at about the same rate as in recent years, though, as indicated in "Transportation During the Year," there were variations in such activity in the several trade routes. These applications are processed by our Bureau of Water Carriers and Freight Forwarders. Those requiring oral hearing are handled by the Bureau of Formal Cases, and the final reports are reviewed by the Bureau of Water Carriers and Freight Forwarders. The latter Bureau also handles applications for temporary authorities and for exemption from regulation under part III. Petitions for reconsideration or other relief are handled by the respective Bureaus.

The accompanying table shows the status of applications for operating authorities or exemption in the current and preceding year:

Kind of application or action	November 1, 1954, to October 31, 1955			November 1, 1955, to October 31, 1956		
	Granted in whole or part	Denied	Total	Granted in whole or part	Denied	Total
For permanent authority, including extensions:						
Pending at beginning of period.....			20			15
Received.....			18			37
Reopened.....			27			19
Under submission at end of period.....						
Disposed of, including reopened proceedings:						
Dismissed or withdrawn.....			18			11
By report or order of the Commission or a division of the Commission.....	28	4	32	26		26
Pending at end of period.....			15			34
Petitions disposed of.....	4	17	21	3	8	11
For temporary authority:						
Pending at beginning of period.....			1			
Received.....			46			34
Disposed of.....	40	7	47	32	1	33
Pending at end of period.....						1
Petitions disposed of.....	1		1			
For exemption:						
Pending at beginning of period.....			2			2
Received.....			5			1
Disposed of.....	4	1	5			3
Pending at end of period.....			2			
Petitions disposed of.....						

As of November 1, 1956, there were outstanding 244 common-carrier certificates and 50 contract-carrier permits, of which 193 and 40 covered operations being currently conducted. From November 1, 1940, to October 31, 1956, applications for new or extended permanent operating authority, for temporary operating authority, and for exemptions have numbered 1,215, 761, and 443, respectively.

FREIGHT FORWARDERS

Of the 16 freight forwarder proceedings decided during the period, there were 3 grants of authority to institute new service, 1 denial, 1 extension of an existing forwarder operation, and 1 revocation for failure to exercise the authority granted in the permit and for failure to comply with the Commission's order to resume the authorized operation. (See *Shutt Freight Forwarder Application*, 285 I. C. C. 724.) (See also Legislative Recommendation No. 18, p. 170.)

Applications for new or extended freight-forwarder permits and for transfers of permits are handled in the same manner as applications for water-carrier operating rights. On October 31, 1955, 10 such applications were pending and 12 were received or reopened during the year. Final reports had been submitted on 7 such applications and 16 were disposed of, 3 by dismissal or withdrawal of applications and 13 by report or order of the Commission or a division. Applications were granted in whole or in part in 12 of these 13 applications and denied in 1. Petitions for reconsideration which were disposed of numbered 2, of which 1 was denied. There were 6 applications pending on October 31, 1956. The number of permits outstanding on October 31, 1956, was 96. Applications for new or extended operating rights filed from 1942 to October 31, 1956, have numbered 311.

RAILROADS

No significant change occurred in the number of applications filed for approval to construct, extend, or abandon lines of railroads. For the most part, requests for extensions or constructions occurred as a result of expansion of existing plants or construction of new plants in the South. Prominent among abandonment cases was the New York Central's Weehawken Ferry, which was the latest in a series of abandonments of railroad ferries crossing the Hudson River. While approved, these abandonments were strongly protested by the State and Municipal authorities. The Weehawken Ferry abandonment has not become effective pending disposition of a petition for reconsideration.

These applications to abandon rail lines or operations under trackage rights or to construct lines are handled by our Bureau of Finance. During the year, 58 applications were filed for permission to abandon about 728 miles of railroads and 2 miles of operations under trackage rights, and 1 mile of ferry operations. Protests were filed and hearings held in 24 cases, involving 511 miles of track. We denied 1 application involving 45 miles of lines.

In proceedings in which certificates of abandonment were issued, covering 199 miles of road, the estimates of annual losses from continued operations, or of future annual savings resulting from abandonment, amounted to approximately \$261,235. In certain cases it was

shown that the necessary cost of rehabilitation of the above tracks which we permitted to be abandoned would require an expenditure estimated at \$366,964. Since this amount would necessarily be expended in order to continue operation, abandonment would result in a saving which can be estimated in advance to that extent with reasonable accuracy.

During the year, we authorized the construction of 14 lines in 14 proceedings. The aggregate mileage involved was 89.

Appendix C, pages 209-216, lists certificates issued, authorizations granted, and pertinent data with respect to abandonment and construction proceedings.

UNIFICATIONS, SECURITIES, AND REORGANIZATIONS

Both the railroad and motor carrier industries continued a trend of several years standing which has led to applications seeking to extend motor carrier systems, changes in control of railroads, and simpler rail corporate structures.

RAILROADS

During the past several years there has been a marked increase in the number of subsidiary railroad companies absorbed by parent railroad companies through purchase and merger proceedings, in a program looking to simplification of corporate structures. There were 12 applications of this nature filed during the year. As a result of authorizations issued by us, 9 subsidiary railroad companies were eliminated from corporate structures.

There also has been an increase in the number of applications filed by railroads for authority to acquire control of other railroads through purchase of stock. Each year more complex issues have been raised and the number of protestants has increased, leading to extensive hearings and voluminous records. The St. Louis-San Francisco Railway Company has applied for authority to acquire direct control of the Central of Georgia Railway Company and indirectly thereby control of the latter's common-carrier subsidiaries. The application was opposed by minority stockholder interests of the Central of Georgia, and several connecting lines intervened to protect their interests. A hearing has been held and a proposed report is in preparation. At the time of the filing of the application, the St. Louis-San Francisco owned a substantial portion of the stock of the Central of Georgia. We ordered an investigation of this situation to determine whether there had been any violation of section 5. The evidence developed by our staff was presented at the hearing.

The Union Pacific Railroad Company has filed an application to acquire control of the Spokane International Railroad Company.

Several railroads which connect with the Spokane International have intervened to protect their interests. A hearing has not yet been held.

Also pending is an application of the Atchison, Topeka & Santa Fe Railway Company and the Pennsylvania Railroad Company to acquire control of the Toledo, Peoria & Western Railroad Company through purchase of its capital stock. While the Toledo, Peoria & Western operates only 239 miles of main line and branches, it constitutes an important through connection for transcontinental service. An application of the Minneapolis & St. Louis Railway Company to acquire control of the same company also is pending. Hearings have been held in these cases and a proposed report is in preparation.

A major proposal for a railroad merger before us is the application of the Louisville & Nashville Railroad Company to merge the properties and franchises of the Nashville, Chattanooga & St. Louis Railway. The application was joined in by the latter company, the Atlantic Coast Line Railroad Company and the Atlantic Coast Line Company. The Louisville & Nashville now controls the Nashville, Chattanooga & St. Louis through ownership of approximately 75 percent of its capital stock. Such control has existed continuously since 1880. The subsidiary operates 1,032 miles of main line and branches. A proposed report approving the merger was issued during the year, and the case is assigned for oral argument.

Appendix C, pages 209 to 216, contains data relating to authorizations under section 5 (2), including authorizations of leasing arrangements and trackage rights.

The procedure for imposing conditions to protect railway employees who may be adversely affected by transactions under section 5 (2) and abandonments of lines of railroad authorized under section 1 (18), as explained in our 1946 annual report, was followed during the year.

MOTOR CARRIERS

Our reports in motor finance proceedings have commented from time to time on the development of motor-carrier systems through purchases or mergers. We have pointed out that continuance of the trend was expected and have noted that proposals for various types of unifications, to the extent they are approved, are a factor in the trend toward larger carriers (territorially and revenue-wise) and longer single-line hauls in motor transportation. The trend has developed, in part, because of a unique condition in the motor-carrier industry. The beginning of intercity motor transportation dates generally from the years following World War I. Many of the larger carriers now operating were started during the 1920's by individuals who began on a small scale and developed their operations to the

present-day size as personally owned or family owned businesses. The development depended to a great extent upon the management ability of the owner. Now, some 25 to 35 years later, many of the owners are reaching retirement age and are beginning to dispose of their holdings. Others have died and their families prefer to sell, rather than attempt to continue the operations without the guidance of the founder. Existing carriers frequently seek to purchase such carriers so as to extend their own operations through unifications. Abandonments, lack of revenues, and changes in the act and its interpretation also have played a part in this trend, and as a result there has been a steady decline in the number of motor carriers subject to our general jurisdiction. The decline has been offset to some extent by grants of certificates and permits to new carriers. The number of motor carriers of property declined steadily in the last 10 years from about 21,000 to about 18,000; the decline in the number of passenger carriers was from about 1,600 to 1,367.

Some transfers of operating rights under our transfer rules (not subject to section 5) reduce the number of carriers operating 20 vehicles or less.⁸ The ratio of applications filed under those rules to the total number of motor carriers has declined, however, from 1 for each 9 carriers in 1947 to 1 for each 19 carriers in 1956. Most transactions approved under section 5 also reduce the total number of carriers. The ratio of applications under section 5 has increased from 1 application for each 72 carriers in 1947 to 1 for each 51 carriers in 1956.

During the year, we approved some unifications or acquisitions of control which were relatively extensive in territorial or revenue scope, but they were no more numerous or extensive than in prior years. They included unification of Adley Express Co. and Savage Truck Line, Inc., resulting in a carrier serving all States along and near the Atlantic seaboard between Massachusetts and North Carolina; common control of Johnson Motor Lines, Inc., and Atlanta-New Orleans Motor Freight Co., Inc., resulting in a system operation between Boston, Atlanta, and New Orleans; unification of Transcon Lines and Keystone Freight Lines, resulting in operations between Los Angeles, Chicago, and Memphis; common control of Western Truck Lines, Ltd., whose routes extend westward from El Paso to California points, and Gillette Motor Transport, Inc., operating eastward to Dallas, Houston, Galveston, and Kansas City; unification of Interstate Motor Lines, Inc., operating between San Francisco and Chicago, and Arrowhead Freight Lines, Ltd., between Los Angeles

⁸ Transfers are discussed in chapter on "Operating Authorities."

and Weiser, Idaho, through Salt Lake City; and acquisition of control by Pacific Intermountain Express Co., operating between Chicago and St. Louis and the West Coast, of 3 carriers, all operating in western States.

In *Consolidated Freightways, Inc.—Control—Foster Freight Lines*, 65 M. C. C. 577, decided December 7, 1955, we authorized Consolidated, which theretofore had operated in territory between Chicago and the Pacific Northwest, to acquire control of Foster Freight Lines and thus extend its system eastward and southward to Cincinnati, Louisville, and St. Louis. Consolidated and a Canadian subsidiary now have additional applications pending under section 5 to acquire the properties or control of 14 carriers. If approved, the result would be the extension of the Consolidated system operations from coast to coast and coverage of much of the territory east of the Mississippi River.

Another applicant with an unusually large expansion program is Ryder System, Inc., which controls Great Southern Trucking Company, operating in southern territory. It has filed applications to acquire control of 7 carriers, operating extensively in eastern, central, and southern territory.

Our approval of proposals which result in larger motor-carrier systems is based, as our decisions indicate, on findings of consistency of the unifications with the public interest, including consideration of reductions in costs, increases in efficiency, and improvements in service through provision, for example, of additional single-line service. Carriers whose properties are acquired often have been managed by individual owners, and deaths and other circumstances have made disposition of the properties necessary. This type of consideration is more of a factor, however, in the unifications of smaller than of larger carriers.

With one notable exception, applications by railroads, or their motor-carrier affiliates, for authority to acquire control of independent motor carriers were not a significant factor during the year. Authority was granted to Pacific Motor Trucking Company, a motor subsidiary of Southern Pacific Company, to purchase the properties of Pacific Freight Lines, a motor carrier operating extensively in California and Arizona. Petitions for reconsideration are pending.

The following table indicates the condition of the docket of the Section of Operating Rights, Bureau of Motor Carriers, as to proceedings under section 5.⁹

⁹ Applications for temporary authority to lease pending determination of applications to acquire control of or to purchase or merge carrier properties are shown in table at page 70.

Applications	November 1, 1954 to Octo- ber 31, 1955	November 1, 1955 to Octo- ber 31, 1956
Received.....	291	379
Reopened.....	27	27
Hearings.....	215	223
Under submission at end of period.....	95	45
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report.....	34	31
By effective recommended order.....	0	115
By report of the Commission or a division of the Commission.....	261	220
Pending at end of period.....	306	319
Petitions disposed of.....	167	270

Of the 321 applications disposed of by effective recommended order or by report, 271 were granted in whole or in part and 50 were denied. Fourteen investigations and complaints were decided during the year.

WATER CARRIERS

Unifications involving water carriers, few in number, are shown in appendix C, at page 212.

POOLING

During the year we denied an application by the Boston & Maine Railroad for approval of an agreement for pooling or division of traffic and service by and among the Boston & Maine, the New York, New Haven & Hartford Railroad Company, and the Delaware & Hudson Railroad Corporation. The application was opposed by the Massachusetts Department of Public Utilities and the New England Traffic League. Hearings were held and a proposed report issued. The application was an outgrowth of one previously filed by Patrick E. McGinnis, then president of the New Haven, to serve also as president of the Boston & Maine. Later, McGinnis resigned as president of the New Haven and assumed the presidency of the Boston & Maine, and the application to serve in both capacities was withdrawn and dismissed. The pooling application, nevertheless, was considered upon its merits and denied.

No. MC-F-6216, Terminal Cartage Corp. Et Al.—Pooling, is an application under the provisions of section 5 (1) of the Act, for approval of a plan stated to be a pooling or division of traffic, or of service, or of gross or net earnings, by seven of the largest motor carriers serving the New York City-Newark area, with operations extending into New England, the South, and the Midwest. The plan is a novel one, under which these carriers would acquire control of a new corporation, which itself would not be a certificated carrier under the Act, organized solely for the purpose of performing collection and delivery service within a radius of 100 miles of Newark, N. J., for each of the seven line-haul carriers. Division 3 found that

the application as filed does not present a transaction which the Commission is empowered to approve under section 5 (1), and accordingly dismissed the application.

INTERLOCKING OFFICERS AND DIRECTORS

During the period covered by this report, 213 applications to hold such positions on 2 or more railroads were received from 211 individuals and 2 from corporations in behalf of certain of its officers. Disposition was made of 223 applications, of which 218 were granted, 3 withdrawn, and 2 denied.

ISSUANCE OF SECURITIES AND ASSUMPTION OF OBLIGATIONS

During the year, under the provisions of sections 20a and 214, we authorized issuance of securities for refunding maturing obligations, for refinancing of unmatured securities, for new money to be used for various corporate purposes, and for the purpose of effecting mergers and reorganizations. (See Legislative Recommendation No. 14, p. 168.)

A trend began several years ago for railroads to substitute interest-bearing obligations for preferred stock, with payment of interest generally contingent upon earnings. This trend continued during the current year. In this period, division 4 authorized the Litchfield & Madison Railway Co., the Maine Central Railroad Co., and the St. Louis-San Francisco Railway Co., to issue not to exceed in principal amount \$500,000, \$1,300,000, and \$61,600,000, respectively, of debentures for the purpose of retiring outstanding shares of preferred stock.

The principal benefit to the carriers from such an issue is a decrease in Federal income taxes, because interest on the debentures is deductible in computing such taxes, whereas dividends on preferred stock are not. If all these debentures are issued, the maximum annual tax savings, at present tax rates, will be 52 percent of the deductible interest, or \$10,400, \$35,490, and \$1,601,600, respectively, but gradual retirement of the debentures through operating of sinking funds will reduce the annual savings.

On February 28, 1956, division 4 denied an application of the Boston & Maine Railroad for authority to issue a series of debentures for the purpose of effecting an exchange for preferred stock on the ground, among others, that it would tend "to impair the confidence of investors in railroad securities generally for this Commission to authorize the issue of debt securities, like those proposed here, where it is not reasonably certain that the interest thereon will be paid in years of normal, or even somewhat subnormal, revenues, and where there is such a substantial element of speculative risk." Division

4 also stated in this case that, in the absence of real necessity, it should authorize the issue of bonds or debentures only when their charges are sufficiently covered to constitute a reasonably safe and conservative investment and, where there is substantial speculative element, stock should be issued instead of debt securities.

Section 130A of the Internal Revenue Act of 1950 (section 421 of the Internal Revenue Code of 1954) permits recipients of restricted stock options, under certain conditions, to exercise them without incurring any immediate tax liability and, on ultimate sale of stock so acquired, to treat the gain thereon as a long-term capital gain for tax purposes. Since enactment of this section, restricted stock option plans have become popular among corporations generally and are finding increasing favor among carriers subject to our regulation.

In the current year, there have been approved, with modifications in certain cases, 8 applications for authority under sections 20a and 214 to issue shares of stock to officers and key employees of applicants and their subsidiaries pursuant to stock option plans. The principal stated purposes of these plans are to promote a sense of proprietorship in the officers and employees of applicants and their subsidiaries who are responsible for the success of the businesses, to increase their desire for more profitable operations, to increase applicants' chances of obtaining and retaining outstanding executive personnel, and to insure continuity of employment of the incumbents.

In cases decided before July 1956, it usually was required that stock subject to an option be sold at not less than its fair market value on the date the option was granted, but in recent cases the issue of stock by carriers under option plans has been authorized at not less than 95 percent of such fair market value.

The assumption of obligation and liability with respect to securities of others, consisting largely of equipment-trust certificates and securities of subsidiaries, was authorized in a number of proceedings.

One special application for exemption from competitive bidding, under provisions of Ex Parte No. 158, *In re Competitive Bidding in the Sale of Securities*, 257 I. C. C. 129, was granted. Another such application was denied.

A statement of the amount of securities involved and the purposes to which they have been applied, separated between rail and motor carrier issues, is contained in appendix C, pages 213-216.

RAILROAD REORGANIZATIONS

Two additional petitions for reorganization of railroads under section 77 of the Bankruptcy Act were filed during the year, one by the Chicago Tunnel Terminal Co. and the other by the Chicago

Tunnel Co. They were approved as proper filings by the district court on May 3, 1956, and we ratified appointment of a sole trustee for the properties of both debtors. As yet, no plan of reorganization has been filed in either proceeding.

There has been no change in the status of proceedings for reorganization of the Smithfield Terminal Railway Company, as no plan for its reorganization has yet been filed.

On August 28, 1956, the Delaware, Lackawanna & Western Railroad Co. filed with us a proposed plan of reorganization for the Lackawanna & Wyoming Valley Railroad Co., under which the former would acquire control of the reorganized company through ownership of a majority of its capital stock. The plan and a related application under section 5 (2) for control authority have been assigned for hearing before an examiner.

Since our last report, the plan of reorganization previously approved by division 4 for the Sacramento Northern Railway Company was approved by the district court, submitted for acceptance or rejection to the Western Pacific Railroad Company, the sole creditor entitled to vote thereon, accepted by it, and confirmed by the court. Reacquisition of the debtor's properties and issuance of new common stock by the reorganized company were authorized on January 26, 1956, and the plan was consummated on February 1, 1956.

By decree dated September 11, 1956, the district court approved the modified plan of reorganization for the Boston and Providence Railroad Corporation, which had been approved by us on January 5, 1954, and certified to that court on August 20, 1954. The time for filing appeals has not expired.

In proceedings for reorganization of the New York, Ontario and Western Railway Company, after service of an examiner's proposed report, to which no exceptions were filed, division 4 found, on August 16, 1956, that no plan of reorganization for this railroad can be formulated and approved now or in the foreseeable future, and recommended to the district court that the proceedings under section 77 be dismissed.

In our last report we stated that an examiner's proposed report recommending modifications in the plan of reorganization for the New Jersey and New York Railroad Company, previously approved by us but referred back to us by the district court for further action under the provisions of paragraph (e) of section 77, had been served, that exceptions had been filed, and that a final report and order were in preparation.

By order of March 23, 1956, upon petition filed by the Erie Railroad Company for permission to file a second amended plan, we

reopened the proceedings for hearing on that plan and any other plan seasonably and properly filed. A hearing was held on May 1, 1956, briefs were filed, and a second proposed report was served on August 8, 1956. It recommended approval of a modified plan of reorganization which would provide for acquisition by the Erie of all the reorganized debtor's capital stock instead of acquisition of the debtor's property and assets, and unified operation of the 2 properties as provided in the plan previously approved by us. Exceptions were filed and a final report is being prepared.

We stated in our last report that the Court of Appeals for the Fifth Circuit had reversed the district court's order which would have dismissed proceedings for reorganization of the Florida East Coast Railway Company and transferred the debtor's properties to an equity receiver, and that, upon remand, the district judge had entered an order referring the proceeding back to us for further action, which order had been stayed pending determination of appeals to the court of appeals. On December 13, 1955, the latter court denied the appeals and affirmed the district court's order, which became effective on January 9, 1956. On January 26, 1956, we reopened the proceedings for reconsideration. Proposed new plans were filed by the Atlantic Coast Line Railroad Company, the St. Joe Paper Co., and others. Further hearings on these plans and on companion applications under section 5 (2) of the Interstate Commerce Act are now being held.

In our 1955 report we stated that the modified plan of reorganization of the Missouri Pacific Railroad Company and subsidiary debtors previously approved by us was confirmed by the district court and that, upon appeal, its order of February 25, 1955, approving the plan was affirmed by the court of appeals. During the period covered by this report, writs of certiorari for review of the order of February 25, 1955, were denied by the United States Supreme Court, the district court's order of September 19, 1955, confirming the plan, was affirmed by the court of appeals, the acquisition of the debtors' properties by the reorganized company and issuance of new securities and assumption of obligations and liabilities by it were authorized by us, and the plan was consummated as of 12:01 central standard time, March 1, 1956. We are gratified that, after many years of proceedings before us and litigation before the courts, this large and important railway system has emerged from trusteeship and is being operated by its private owners.

During the year we disposed of many petitions pertaining to features of reorganization other than the formulation of plans. These actions included ratification of the appointment of a trustee, fixing of maximum limits of allowances for compensation of trustees and

their counsel and for reimbursement of expenses, including counsel fees, incurred by parties in interest and by reorganization managers, authorizations for consummation of two plans of reorganization, and an order submitting a plan of reorganization for acceptance or rejection.

Since passage of section 77 of the Bankruptcy Act on March 3, 1933, 64 proceedings have been instituted for reorganization under that section. Reorganization has been completed in 37 cases, and the proceedings have been discontinued in 17. In two other proceedings, the debtor railroads have abandoned operations, pursuant to our authorization, but proceedings in the courts have not been finally dismissed. Eight proceedings are before us.

Appendix D, page 217 contains a list of all railroads in reorganization or receivership on the date of this report, and statistics of steam railroads in reorganization or receivership at the end of stated 5-year periods since 1895. The percent of total mileage operated by receivers or trustees, 30.63 on December 31, 1940, was 0.83 on December 31, 1955.

No applications for modification of railroad financial structures under section 20b of the Interstate Commerce Act were filed during the year and none is pending before us. (See Legislative Recommendation No. 7, p. 164.)

The staff work described in this chapter is performed primarily by the Bureau of Finance and the Section of Operating Rights, Bureau of Motor Carriers.

SERVICE AND FACILITIES

RAIL

CAR SHORTAGES AND GENERAL CONDITIONS AFFECTING SERVICE

Freight car shortages were the rule during the year in particular areas or as to particular types of traffic; a general surplus of cars existed only on rare occasions. The inadequate supply of freight cars continued to be the principal factor, but methods of utilizing available cars, climatic conditions, strikes in industry, and overlapping maturity dates of crops also contributed to service difficulties.

Our jurisdiction in this connection generally is limited to practices which affect utilization of cars. Thus, we issued a series of service orders designed principally to expedite movement of cars by the railroads and return of cars to railroad use after loading or unloading.

Serious interruptions to service were caused by unfavorable weather conditions, particularly in the West, where floods and landslides affected operations of a number of carriers.

The most serious work stoppage resulted from the steel industry strike which led to cutbacks on car repair and other maintenance work, and extensive layoffs of personnel. Checks by our service agents, however, indicated that few cars were immobilized in steel plants, and cars released from transportation for the steel industry were used to advantage elsewhere.

There were fewer shortages of boxcars than there were a year ago, but other cars, except refrigerator cars, presented a greater problem. Shortages of refrigerator and hopper cars were reported during November. The hopper car situation eased considerably in December because of a seasonal decline in movement of ore, sand, and gravel, but the shortage of refrigerator cars grew worse. The supply of LPG (Liquefied petroleum gas) tank cars became critically short in December, and service agents east of the Mississippi River were instructed to check the handling of these cars so as to expedite their movement.

Numerous complaints concerning the boxcar supply were handled with the railroads to insure prompt and equitable car distribution.

Shortages of gondola cars were caused by increased loading in the steel-producing districts of Pennsylvania, Ohio, and New York during the summer, and by increased movement of iron ore on the Great Lakes in April.

The carriers faced major problems in handling grain, coal, ore, and other commodities moving in heavy volume. There was a heavy backlog of grain cars awaiting unloading at all principal handling points in November. Conditions at Atlantic and Gulf ports were serious enough to warrant embargoes, but the situation improved considerably in December and the grain was handled more promptly.

Movement of storage grain to terminal elevators began in January and reached an average of 7,000 cars per month with heavy movements to Atlantic and Gulf ports in February and March.

The accumulation of loaded cars for these port areas was high at times, but no serious problems were encountered because a good schedule of ships was maintained.

Old grain stocks in Kansas, Nebraska, and Missouri were moved, beginning in May, to Gulf ports and points in Texas, and from the Northwest to Gulf ports and to the head of the lakes for transshipment via lake to Buffalo, thence via rail to eastern seaboard ports for further storage in the "mothball" fleet.

For the first time in many years, the winter wheat harvest in the Southwest and Middlewest was handled with little difficulty, but some difficulties arose when the harvest in Nebraska, Illinois, Indiana, and Ohio reached its maximum in June. Cooperation of State inspection forces expedited movement of this crop and minimized complaints.

As of August 25 elevator space at principal market points was occupied to 82.8 percent of capacity and at principal ports to 70.8 percent.

Cumulative loadings of grain and grain products for 34 weeks of 1956 ended August 25 exceeded the 1955 total by 3.4 percent. Constant checking by service agents, favorable ship schedules, and cooperation of the grain trade and Government agencies were important factors in avoiding serious accumulations, despite the heavy volume handled.

Coal loadings showed consistent gains each month over the same month of the previous year. Production from January 1 to August 18, 1956, was approximately 310,410,000 tons compared with 282,657,000 tons (revised figure) for the same period in 1955. Cumulative revenue coal loadings for 34 weeks of 1956 ended August 25 were 10.6 percent greater than in the same period of 1955. Bituminous coal stocks on hand July 1, 1956, represented a 69-day supply compared with a 66-day supply on hand on July 1, 1955. For the first 7 months of 1956, coal shipped overseas amounted to 26,953,777 net tons, an increase of 61 percent above shipments in the same period of 1955.

Some accumulation of coal developed at Lake Erie ports early in the season, because bad ice conditions slowed return of vessels from upper lake regions. Lake coal tonnage dumped at Lake Erie ports decreased because of labor difficulties in July and August, but tonnage for the first 34 weeks of 1956 was about 400,000 tons above that handled in 1955.

The coal miners' holiday began June 28, and many mines did not reach normal production schedules for several weeks after the holiday period ended. With full resumption of steel and coal production, cars of all types were in heavy demand.

A considerable reduction in lake ore movements during the first 10 months of the year resulted from strikes in the steel plants and ore mines and on lake vessels, but increased import movements of ore kept open-top equipment in demand. Termination of the steel strike brought increased demand for hopper and gondola cars to move ore to the mills. Hundreds of cars had been loaded with ore and held pending settlement of the strike under permits issued by C. W. Taylor, Director of the Bureau of Safety and Service, to whom we have delegated such authority as Permit Agent. Combined with the import ore, which had been placed in ground storage, this resulted in an unusually heavy movement after the strike ended. Steel output and seasonal increases in movement of other commodities, such as construction material, brought additional demands for gondolas.

Heavy shipments of farm implements, pipe, and lumber practically exhausted any surplus of flatcars in April, May, and June.

An adequate supply of cars was available for lumber loading in the Pacific Northwest during most of the year. Constant policing of special car orders of the Association of American Railroads by our service agents and direct handling with carriers by our Washington staff of any failures to meet car quotas contributed to this favorable condition.

Car accumulations and delay made it necessary to embargo or recommend embargoes against many large industries, and their officials were requested directly by our staff to speed up car releases. Direct handling of delays and congestion with the Department of Agriculture, Department of Defense, and others also facilitated car handling.

The accompanying chart shows reported average surpluses and shortages of box cars and other freight cars by months for the years 1953-55 and the first 8 months of 1956.

CAR OWNERSHIP AND CONDITION OF CARS

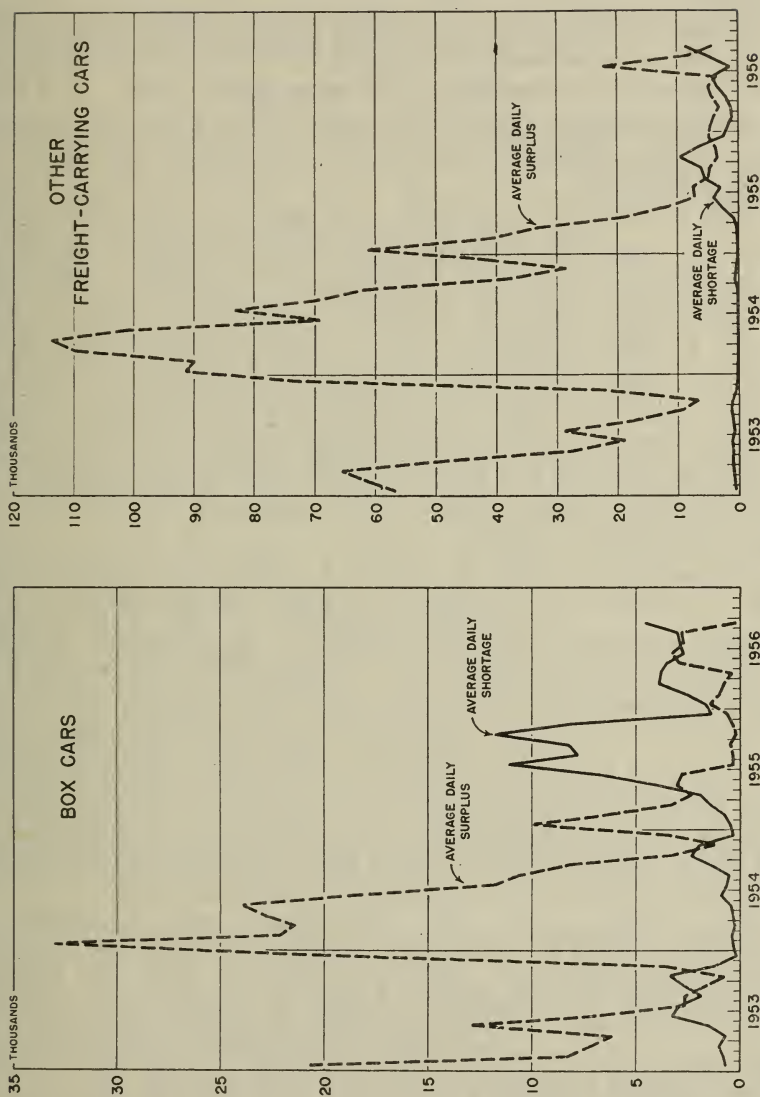
The latest figures indicate there are 2,004,698 freight-carrying cars in the United States. Data compiled by the Association of American Railroads as of August 1, 1956, follow:¹⁰

Class I railroads.....	1, 703, 674
Class I railroad controlled refrigerator cars.....	79, 514
Total.....	1, 783, 188
To the AAR figures these ownerships as of December 31, 1955 (the latest data available) may be added:	
Private car owners (exclusive of railroad controlled refrigerator cars).....	192, 179
Class II, III, and all switching and terminal railroads.....	25, 731
Electric railroads.....	3, 600
Total.....	221, 510
Grand total, freight-carrying cars in U. S.....	2, 004, 698

Serviceable car ownership of class I line-haul railroads and their controlled refrigerator car lines was 1,700,243 on January 1, 1956, compared with 1,697,030 on January 1, 1955. The boxcar ownership for class I railroads was 724,195 cars on August 1, 1956. Ownership of this class of equipment had deteriorated to 716,249 on December 1, 1955, the lowest ownership figure since April 1, 1951. Recognizing the seriousness of this situation, the railroads ordered 60,090 new

¹⁰ Change in classification of class I railroads as of January 1, 1956, caused a minor reduction in cars in class I ownership.

AVERAGE DAILY SURPLUS AND SHORTAGE OF BOX CARS AND OTHER FREIGHT-CARRYING CARS, CLASS I LINE-HAUL RAILWAYS, BY MONTH, 1953-1956



Source: Association of American Railroads, Car Service Division, Statements CS-44A and CS-44B

boxcars during the last half of 1955, or more than were ordered during the combined previous 4 years. On August 1, 1956, there were on order and undelivered 46,163 boxcars. These and subsequent figures include orders placed by private car lines and others in addition to railroads.

On August 1, 1956, there were 31,984 unserviceable boxcars reported, or 4.4 percent of ownership, compared with 30,443 unserviceable cars, or 4.2 percent of ownership, on the same date in 1955. Net boxcar shortages were reported from May 1955 to May 1956, with a high net daily average shortage of 12,435 cars reported for the week ended October 29, 1955.

Class I ownership of gondola cars decreased between August 1, 1955, and August 1, 1956, by 6,854 cars, to 278,129. In the same period, retirements exceeded installations by 6,047 cars. The number of unserviceable gondolas decreased progressively from 19,749 on August 1, 1955, to 14,591 on July 1, 1956; it increased, however, on August 1, 1956, to 17,212 or 6.2 percent of ownership. During the period, orders for 13,474 new gondola cars were placed. On August 1, 1956, 12,668 cars were on order and undelivered. Net shortages were reported in the last half of 1955 and the first half of 1956, with a high net daily average shortage of 3,302 gondola cars for the week ended November 5, 1955.

From August 1, 1955, to August 1, 1956, class I railway ownership of hopper cars decreased by 12,044 cars to 506,565, but the decrease in unserviceable cars resulted in an increase in serviceable ownership of 5,109 hopper cars. Unserviceable cars decreased progressively from 37,670 on August 1, 1955, to 17,329 on July 1, 1956. On August 1, 1956, there were 20,517 unserviceable hopper cars reported, or 4.1 percent of ownership. During the same period, orders were placed for 44,127 new cars. On August 1, 1956, 39,488 cars were on order and undelivered. Net shortages were reported in the last half of 1955 and the first half of 1956, with a high net daily average shortage of 6,694 for the week ended October 29, 1955.

Between September 1, 1955, and August 1, 1956, the railroads and railroad-controlled car-line companies installed 1,205 new refrigerator cars and retired 3,062, making a net loss of 1,857. On August 1, 1956, the railroads and their controlled car-line companies had 4,839 refrigerator cars on order, and other persons, principally privately owned car-line companies, had 1,510 such cars on order. A year earlier, the total number on order was 864. Class I railroads and railroad-controlled car-line companies owned 99,180 refrigerator cars on August 1, 1956, while 22,388 were owned by other persons. The total, 121,568, decreased by 3,544 cars since September 1, 1955. The refrigerator-car supply during 1955 has been adequate with few ex-

ceptions, and is adequate at present. The volume of perishable freight moved during the first 7 months of 1956 was 2.7 percent more than in the same period of 1955.

The accompanying charts show installations and retirements of box and other freight cars and their number and aggregate capacity for the years 1946 to 1955 and certain data for 1956.

UTILIZATION OF EQUIPMENT

In 1955, average tons per carload of revenue freight originated by class I line-haul railways were 42.41, which exceeded the previous record of 4.98 tons per car in 1951. The 1955 average was an increase of 1 ton per car above 1954 and 0.64 ton above 1953.

Revenue carloadings in 1955 totaled 37,883,543 carloads, an increase of 3,968,590 cars, or 11.7 percent above 1954, but a decrease of 332,450 cars, or 0.9 percent under 1953. Aggregate loading for the first 34 weeks of 1956 ended August 25 was 24,239,555 cars, an increase of 1 percent compared with the same period of 1955 and of 11 percent compared with the same period of 1954.

Tons of revenue carload freight originated in 1955 were 1,389,346,304, the highest since 1951. There was an increase of 172,341,655 tons over 1954 and of 13,299,944 tons over 1953. To have transported the same tonnage originated in 1955 at 1954 loading averages would have required 789,278 additional loadings of cars, and at the 1953 loading average, 500,112 additional loadings.

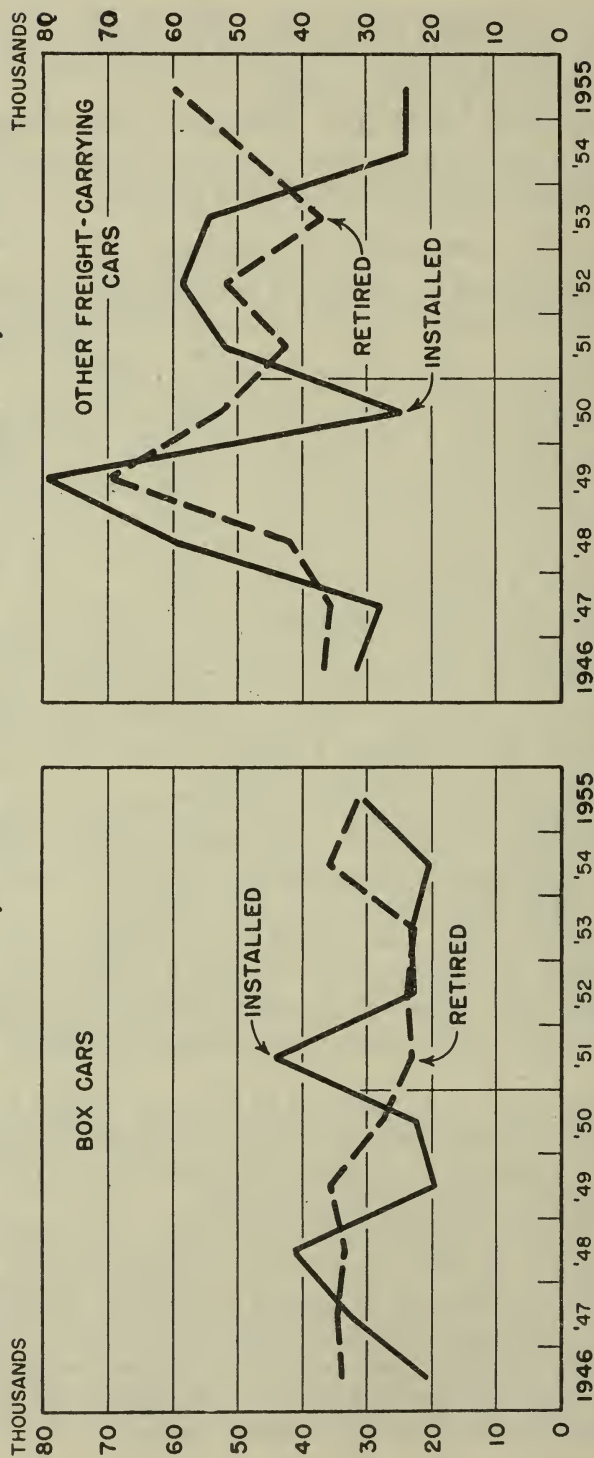
Products of agriculture, mines, and forests each set new records in tons per car, while the averages for animals and products, and manufactured and miscellaneous commodities were 0.8 ton and 0.2 ton, respectively, below their alltime high set in 1943.

Products of agriculture were loaded at an average of 35.91 tons per car compared with 35.06 in 1954 and 34.48 tons per car in 1953. Compared with 1954, carloads of originated freight in this commodity group decreased 0.84 percent while tons of originated freight increased 1.56 percent.

Animals and products averaged 14.58 tons per carload originated compared with 14.33 tons per car in 1954. Compared with 1954, a decrease of 1.46 percent in carloads originated and an increase of 0.25 percent in tons originated are recorded.

Products of mines averaged 59.38 tons per car compared with 58.86 tons per car in 1954. There was a greater increase in both carloads originated and tons originated in products of mines than any commodity grouping. Carloads originated increased 16.18 percent, and tons originated increased 17.22 percent compared with 1954. The increase was due in part to the increase of 122 percent in export coal compared with the 1954 export tonnage.

INSTALLATIONS AND RETIREMENTS OF BOX CARS AND OTHER FREIGHT-CARRYING CARS, CLASS I LINE-HAUL RAILWAYS, 1946-1955

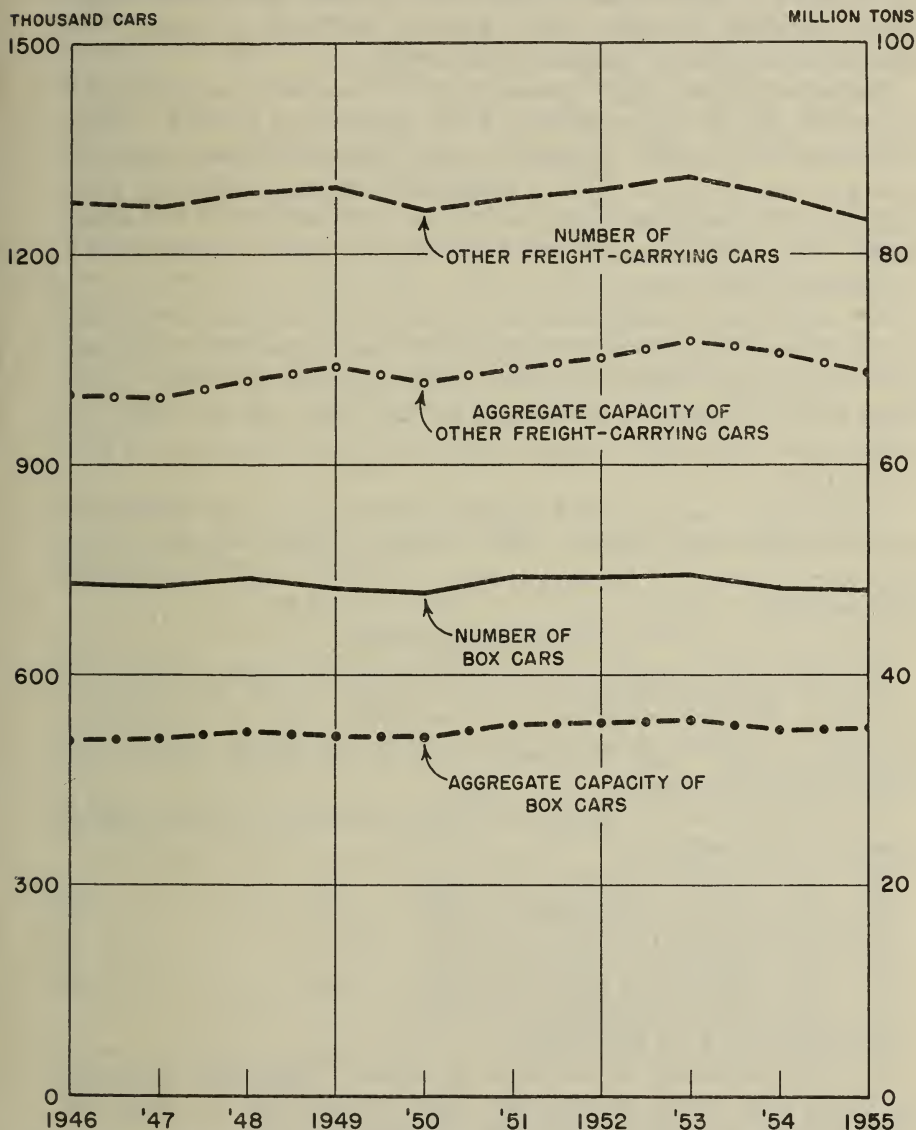


A.R. data for 8 months of 1956, which include cars of railroad-controlled private refrigerator car lines and installations of new cars only, are:

	New installed	Retired
Box cars	22,528	14,391
Other cars	18,402	17,545

Source: I.C.C., Bureau of Transport Economics and Statistics
Statistics of Railways in the United States

NUMBER AND AGGREGATE CAPACITY OF BOX CARS AND OTHER FREIGHT-CARRYING CARS, CLASS I LINE-HAUL RAILWAYS PLUS PRIVATE CAR LINES, ON OR ABOUT DEC. 31, 1946-1955



Source: I.C.C., Bureau of Transport Economics and Statistics,
Statistics of Railways in the United States

Products of forests averaged 35.65 tons per car compared with 35.52 tons per car in 1954. Carloads originated increased 8.76 percent and tons originated increased 9.17 percent compared with 1954.

Manufactured and miscellaneous commodities in 1955 averaged 31.37 tons per car, compared with 30.67 tons per car in 1954. Carloads originated increased 12.33 percent, and tons originated increased 14.89 percent compared with 1954.

Freight-forwarder traffic averaged 11.16 tons of revenue freight originated per car compared with 11.84 tons per car in 1954. Since 1943, when the loading average of this commodity group was 19.1 tons per car, there has been a progressive decline, indicating poor utilization of equipment. Compared with 1954, carloads of forwarder traffic originated increased 17.93 percent, but tons originated increased only 11.11 percent.

Net ton-miles (revenue and nonrevenue) per day per serviceable car on lines of class I line-haul railways, based on monthly averages, were 1,031 in the first 6 months of 1956 compared with 963 in the same period of 1955. The average for the year 1955 was 999, the highest since 1951, and compared with 867 in 1954, 958 in 1953, and 973 in 1952.

Turnaround time in 1955 averaged 16.24 days per serviceable car compared with 18.31 days in 1954. This is an improvement but is high compared with 13.96 days in 1941; 13.67 days in 1947; and 14.29 days in 1948.

CAR-SERVICE ORDERS

In order to meet changing requirements of the shipping public and to insure equitable distribution of available cars, we continued, canceled, or revised several service orders and issued several new orders during the year.

The following service orders described in the 69th Annual Report were allowed to expire:

No. 903—Expired November 30, 1955.

No. 904—Expired December 31, 1955.

No. 905—Expired December 31, 1955.

No. 906—Expired December 31, 1955.

No. 907—Expired December 31, 1955.

The following were terminated:

No. 908, permitting substitution of certain refrigerator cars, unfit for protective service, for boxcars—issued September 27, 1955, revised October 20, 1955, and expired December 31, 1955.

No. 909, permitting substitution of refrigerator cars for boxcars to transport fruit and vegetable containers and box shooks in certain territories—issued September 28, 1955, and vacated December 2, 1955.

The following are in effect:

No. 910, issued March 19, 1956, corrected and made effective April 9, 1956, provides operating regulations primarily to prevent willful delay of loaded freight cars for the sole purpose of gaining additional time en route, at terminals and other points, and to prevent furnishing of free storage in freight cars. A restraining order was obtained by certain shippers in the United States District Court for the District of Oregon enjoining us from placing the order into effect. After a hearing in Portland, Oreg., before a three-judge court, the temporary restraining order was dissolved. We directed that the order be enforced on and after June 13, 1956.

No. 911, issued April 12, provides operating regulations to speed freight car movement and expedite handling of loaded and empty cars in yards and terminals. Two Taylor's car distributing orders and one amendment were issued under authority of this service order. One order was directed to a railroad to cease using certain refrigerator cars in local and shuttle service. The other permitted the railroads to furnish and hold cars loaded with ore during the period of the steel strike.

Two other service orders, issued April 12, and effective April 23, 1956, were:

No. 912, limiting to 6 days the free time for unloading box and refrigerator cars at ports.

No. 913, limiting the free time to 4 days for loading cars at ports.

No. 914, issued and effective June 14, 1956, limited to 48 hours the free time for unloading export freight from cars at Great Lakes ports.

Amendment No. 8 to Service Order No. 562, Rerouting of Traffic, Appointment of Agent, issued May 25, 1956, extended the appointment of Mr. Taylor as rerouting agent for 1 year. Also, under this order, 16 Taylor's I. C. C. orders were issued covering washouts, derailments, floods, work stoppages, et cetera.

Amendment No. 4 to Service Order No. 897, Rerouting of Traffic, effective June 30, 1956, extended the expiration date of the order. It authorizes the Chicago, St. Paul, Minneapolis and Omaha Railway to operate over the tracks of the Chicago, Burlington and Quincy Railroad between certain points because of a bridge washout.

Service Order No. 915, issued August 20, permitted substitution of certain refrigerator cars, unfit for protective service, in lieu of boxcars for specific loadings.

Checking on compliance with these orders was not only the work of our Washington staff, but also took up considerable time of the agents in the field. The existence of service orders, of course, adds to the normal enforcement duties of our service agents.

As noted under "Enforcement and Compliance," 7 apparent violations of Service Order No. 904 were referred to the Bureau of Inquiry and Compliance for further handling.

A hearing on a complaint regarding Service Order No. 914 was held in Chicago on October 3, 1956.

In addition, there are a number of cases still being processed for submission to the Bureau of Inquiry and Compliance for violations of service orders.

PROTECTIVE SERVICE AND CAR-OWNING COMPANIES

Since our last report, we have approved 23 amendments under section 1 (14) (b), to existing contracts or agreements between common carriers by railroad and other persons for the furnishing to or on behalf of such carriers protective service against heat or cold for property transported in interstate or foreign commerce. This compares with 5 such approvals in the period covered by our last report.

ACTIVITIES OF CAR-SERVICE STAFF

For some time, there has been an apparent need for an increased field force in the Section of Car Service to achieve efficient performance of our car-service functions. In recognition of this need, the last Congress provided funds for 40 additional service agents, most of whom have entered on duty at strategic rail centers throughout the country. The total complement of such agents is now 70.

Special problems which received attention during the year included car supply and car requirements, demurrage charges, tidewater and lake coal, and "no-bill" coal.

From October 1, 1955, to July 31, 1956, service agents conducted investigations at 5,505 railroad agencies and yards and at industries and submitted 7,187 reports. In these investigations, 10,857 railroad and 3,346 officials of industries were interviewed. The interviews with the latter officials were beneficial to both shippers and the railroads, as delays in unloading of which they were not aware were reduced by prompt action to expedite release of cars. Complete unloading of debris and strapping from cars also was stressed, and the resulting improvement permitted prompt reloading of equipment without moving cars to cleanout tracks.

Any unusual delays or occurrences observed at railroad yards or terminals were handled with the supervisor on the ground for corrective action. Reports covering irregularities were analyzed by our Washington staff, and irregularities of a serious nature were handled with top railroad operating officials.

This staff also assisted our Transport Mobilization Staff in checking on warehouse facilities, port utilization, related activities of the

Federal Civil Defense Administration, and tax amortization. Many service agents also participated in Operation Alert in various sections of the country in June.

In an effort to effect better utilization of cars, the service agents concentrated on delays in serving industries, delays by industries, repair of bad-order cars, excess cars held for prospective loading, terminal and yard delays, willful delays of carload lumber, failure of railroads to furnish equipment, car supply distribution, and discrimination in car distribution. Meetings with State officials and associations were a part of the program, and the cooperation among users of equipment, railroads, and our field forces saved many car days.

Action on complaints concerning inadequate car supplies, alleged discrimination in furnishing equipment, and inequitable distribution was taken directly with the railroads and the Association of American Railroads to find a solution satisfactory to all concerned. Service agents also made continual on-the-ground checks. For example, daily checks were made at headquarters of the Southern Pacific, particularly with respect to lumber-originating territory. The service agent at Portland, Oreg., made many physical surveys of supply problems at lumber-loading points and worked with carriers and shippers to assure equitable car distribution. Complaints of discrimination in car supply from shippers in Ohio, Illinois, and Indiana were investigated and corrective action taken through the Director of the Bureau of Safety and Service. Meetings and conferences were held with representatives of various Governmental agencies, railroad executives, State commissions, and members of the shipping public in the interest of car supply. These meetings usually preceded heavy demands for cars and enabled those concerned to prepare for volume movement of varied commodities. An exchange of suggestions helped to solve car supply problems and thereby prevented delays and accumulations.

MOTOR CARRIERS

Our service work in the motor-carrier field differs in certain important respects from the work we do in rail transportation. For one thing, we normally do not have to concern ourselves about equipment shortages. Barring conditions such as existed in World War II, carriers rarely fail to provide satisfactory numbers of vehicles. Also, our powers over service differ in the two fields. In both fields, however, we do much informal work in dealing with complaints or requests for new service.

The act provides that we may establish reasonable requirements as to the rendering of continuous and adequate common-carrier service. Shippers and receivers of freight or certain users of passenger service file many complaints which allege that existing service is inadequate or does not meet their needs. These complaints are brought to the carriers' attention and facts are gathered with which to judge the validity of the complaint or the practicability of providing the service requested. Generally, these complaints are disposed of in the field; no formal complaints as to service reached us during the current year. In terms of total shipments and passengers handled, however, the percentage of complaints is very small. The highly competitive situation that exists among motor and other regulated carriers and between motor carriers and private carriers generally assures that every effort is made by motor carriers to render service which will attract or hold the patronage of the shipper. Charges of discrimination in service are uncommon.

Under the act we may revoke or suspend the operating authority of a carrier, after a hearing and notice, on a showing of failure to render continuous and adequate service. Competing carriers frequently file complaints alleging such failures and petition for action on our part.

Strikes, severe weather or flood conditions which close highways, or other temporary service disruptions sometimes result in embargoes as to certain types of traffic or certain shippers. All embargo notices are checked as to reasonableness by our field staff.

In many instances plants or places where goods are received or consigned are established at locations which have no service. Our field staff cooperates in bringing about the provision of the service required. If existing carriers cannot or do not provide such service, the immediate answer may be the granting of temporary authority to another carrier. Permanent authority may follow on a showing of a continuing need for the service that cannot be met by other carriers. Because of the expanding demand for transportation and the many new and unusual situations that arise, our field staff must keep alert as to conditions in order that it may advise us as to transportation needs.

Improvements in general service standards are discussed briefly in the opening chapter of this report.

While our field staff has many duties not related to service matters, it is appropriate to give some indication here of the scope of its activities and thereby of the size and complexity of the motor carrier industry.

The field staff has headquarters at 79 of the main motor transportation hubs throughout the nation. Much needed additions to this staff made possible by recent increases in appropriations will bring the field staff to a total of 413. This staff conducted 299,805 interviews on varied subjects in 12 months, or over 1,000 per working day. These interviews were with persons who telephoned, called at our field offices, or were reached on field trips. Nearly all had to do with administration of part II of the act or securing compliance with its provisions or our regulations thereunder. The exceptions are actions taken on matters which are the responsibility of bureaus other than our Bureau of Motor Carriers, such as securing the fling of accounting reports and tariffs.

OTHER CARRIERS

Complaints about service in water transportation have been confined mainly to the coastwise trades and the intercoastal field. We may be asked to intervene when shipping space is insufficient to meet current needs of shippers, particularly intercoastal shippers of lumber and canned goods. Complaints so made may allege favoritism in the allocation of cargo space. These situations generally are handled informally with the carrier by the Washington and field staff of our Bureau of Water Carriers and Freight Forwarders. Temporary authority is granted expeditiously to meet peak shipping needs. No formal complaints about the services of water carriers were filed in the year.

We have not had service complaints against freight forwarders.

UNJUST DISCRIMINATION BECAUSE OF RACE OR COLOR

In two proceedings dealing with carrier service to passengers, we ordered discontinuance of certain practices on the ground they subjected Negro passengers to unjust discrimination and unreasonable prejudice.

Reports were published in the following proceedings: In No. 31423, *National Association for the Advancement of Colored People et al. v. St. Louis-San Francisco Railway Company et al.*, 297 I. C. C. 335, upon complaint assailing practices of defendants in requiring the use of separate accommodations in railway coaches, trains, and station waiting rooms by Negro passengers, insofar as they pertain to interstate travel over the defendants' lines, we found (1) that those practices subjected Negro passengers to undue prejudice and disadvantage, in violation of section 3 (1) and ordered the defendant railroads to discontinue such unlawful practices; and (2) that operation under lease of separate

public lunchrooms for white and colored persons in railway station facilities at Richmond, Va., by a noncarrier lessee was not within the purview of the act and therefore not subject to our jurisdiction.

In No. MC-C-1564, *Sarah Keys v. Carolina Coach Company*, 64 M. C. C. 769, upon complaint, we found the defendant to be engaged in certain practices subjecting Negro passengers to unjust discrimination and unreasonable prejudice and disadvantage, in violation of section 216 (d) of the Interstate Commerce Act, and ordered it to cease and desist from such practices.

PROMOTION OF SAFETY IN TRANSPORTATION

Our efforts to contribute to greater safety for the public, carrier employees, and passengers continued generally to show encouraging results on a long-run basis. We made substantial improvements in our safety programs, attributable largely to additional funds provided by the Congress for railroad and motor carrier safety work during the current fiscal year.

Although the number of accidents, deaths, and injuries reported to us for the railroads increased during the year, recent substantial increases in funds for travel are permitting safety appliance, signal and train control, hours of service, and locomotive inspectors to arrange balanced inspection programs. Thus, they are able to reach many points of inspection previously beyond the range of funds available. In addition, we now have funds to hold periodic meetings to orient and train our inspectors properly so as to keep them familiar with improvements in safety operations and equipment, and to instruct them in uniform enforcement and inspection standards throughout the country. The expanded inspection program, which began in July 1956, should contribute to a reduction in the number of accidents, deaths, and injuries.

Although the number of highway accidents, deaths, and injuries reported increased in total during the last year, a significant improvement occurred during the latter part of the period. In order to contribute to a reduction in the highway accident toll, one of the Nation's most serious problems, we made a series of nationwide road checks with the cooperation of State and local authorities to obtain data for securing greater compliance with provisions of the act and our regulations. Made possible by a much needed increase in our field staff, which the Congress authorized in part in the last fiscal year and then substantially increased in this fiscal year, the road checks will continue and hold promise of substantial improvements in safety performance of

motor carriers. An augmented staff also permits needed education and compliance activity, and provides for more substantial analyses of an action upon accident and engineering data. Issuance of an order requiring better braking of combination motor vehicles will aid in coping with a serious type of hazard.

Our work in the field of commercial vehicle safety is unique, with no other Federal or State agency having similar facilities, or authority to act. This program complements, but does not duplicate, the activities of the States in the attainment of the objective of safety on the highways. We are confident that our increased activity in this field ultimately will result in a substantial saving in lives and property.

Details of the railroad safety, locomotive inspection, and motor carrier programs are set forth herein, in that order.

RAILROAD SAFETY PROGRAM

The railroad safety program includes the development of regulations pertaining to railroad safety appliances, signals and train controls, locomotives, accident and hours-of-service reporting, and transportation of explosives and other dangerous articles; inspections to assure compliance with such regulations; and investigation of railroad accidents. (See Legislative Recommendations Nos. 22 and 23, pp. 172, 173.)

The work in this field is carried on primarily by the Section of Railroad Safety and the Section of Locomotive Inspection of the Bureau of Safety and Service. Our Bureau of Transport Economics and Statistics administers the reporting of railroad accidents and provides most of the accident statistics shown herein.

ACTIVITIES RELATING TO ASPECTS OF SAFETY OTHER THAN CONDITION OF LOCOMOTIVES ¹¹

NUMBER OF PERSONS KILLED AND INJURED

In the year ended June 30, 1955, 2,575 persons were killed and 18,039 injured in accidents involving train operations (train and train-service accidents), as compared with 2,363 killed and 16,293 injured in the preceding year. Included are the few casualties in accidents caused by defective locomotives, discussed at a later point.

Changes in the number of casualties from train and train-service accidents in the first 6 months of 1956 as compared with the corresponding period in 1955 are shown below.

¹¹ A more detailed report on the subjects discussed is published by the Bureau of Safety and Service as a separate document.

Train and train-service casualties, 6 months, January to June

Classification of persons	Number of persons killed		Number of persons injured	
	1956	1955	1956	1955
Trespasser.....	338	305	329	277
Employees on duty.....	95	87	5,293	4,592
Passengers on trains.....	49	4	1,613	984
Travelers not on trains.....	1	3	17	21
Others (chiefly highway-rail grade-crossing accidents).....	643	662	2,162	2,168
Total.....	1,126	1,061	9,414	8,042

The volume of railway traffic in the first half of 1956, as measured in revenue ton-miles, increased 9.2 percent over the volume in that period of 1955, while passenger-miles decreased 0.3 percent. These changes may be compared with the 15.8 percent increase in total casualties in train and train-service accidents.

INVESTIGATION OF ACCIDENTS

Under the Accident Reports Act, approved May 6, 1910, we have investigated the more serious train accidents during the past 5 years as follows:

Year ended June 30—	Number of accidents investigated			Persons	
	Collisions	Derailments	Total	Killed	Injured
1956.....	48	11	59	134	1,612
1955.....	36	22	58	34	971
1954.....	39	10	49	35	920
1953.....	36	17	53	92	1,041
1952.....	39	20	59	109	1,353

A detailed report is issued in each case, setting forth the facts disclosed by the investigation, our conclusions, and such recommendations as are deemed appropriate. An example is Ex Parte No. 200, *Accidents at Swampscott and Revere, Mass.*, 298 I. C. C. 467.

Of the 48 collisions investigated, 10 involved motor vehicles at rail-highway grade crossings, 10 failure to obey signal indications, 7 inadequate flag protection, 6 lack of proper control of train speed, 6 operation of track motorcars, 4 faulty or misused train orders, 3 fouling of adjacent track by derailed cars, and 2 entering occupied block. Of the 11 derailments investigated, 4 involved defective rails or other track structures, 4 excessive speed, and 3 defects in freight cars.

REPORTING OF ACCIDENTS

During the year ended June 30, 1956, 305 inspections were made on 293 railroads to determine whether accidents were being properly reported in accordance with our rules under the Accident Reports Act. The inspections disclosed 142 unreported or improperly reported personal injuries to employees. At the beginning of the year, 1 case, containing 9 counts, was pending under this act and 10 additional cases, comprising 228 counts, were transmitted to United States attorneys for prosecution. Four cases containing 77 counts were disposed of by confession on 15 counts and withdrawal of 62 counts. On June 30, 1956, 7 cases, comprising 160 counts, were pending in the municipal court of the District of Columbia.

In December 1955, we issued a proposed revision of the Rules Governing the Monthly Reports of Railroad Accidents, taking into consideration changes in equipment and operating conditions on the railroads and a stricter interpretation of our authority under the Accident Reports Act. As a result, we anticipate elimination of defects in the present reporting requirements and of loopholes which have allowed inadequate reporting. We also expect the new system to provide a great deal more constructive information as to specific causes of accidents. Comments regarding the proposed rules and suggestions as to further revision of the Rules and report forms are under consideration.

ACCIDENTS AT RAIL-HIGHWAY GRADE CROSSINGS

During 1955, there were 3,846 accidents at rail-highway grade crossings. They resulted in the death of 1,446 persons and the injury of 4,014. Automobiles, buses, and trucks were involved in 3,583 of these accidents, in which 1,313 persons were killed and 3,886 injured. There were 80 derailments of trains in rail-highway crossing accidents involving these motor vehicles, and they resulted in the death of 43 persons and injury of 72. Casualties to persons on trains in derailments and other train accidents at rail-highway crossings totaled 3 killed and 99 injured. Information concerning crossing accidents for 1953 to 1955 is shown in the accompanying table:

Accidents at highway grade crossings, years ended December 31, 1955, 1954, and 1953

Accidents and casualties	1955			1954			1953		
	Number	Number of persons		Number	Number of persons		Number	Number of persons	
		Killed	Injured		Killed	Injured		Killed	Injured
Accidents at highway grade crossings.....	3,846	1,446	4,014	3,336	1,303	3,426	3,675	1,494	3,815
Accidents at highway grade crossing involving motor vehicles ¹	3,583	1,313	3,886	3,074	1,151	3,314	3,383	1,319	3,688
Derailments of trains at highway grade crossings involving motor vehicles ¹	80	43	72	65	35	72	65	34	98
Miscellaneous train accidents as a result of collisions between trains and motor vehicles ¹	307	159	164	315	153	142	298	166	163
Motor vehicles registered ¹	² 62,760,395			² 58,589,863			³ 55,592,664		
Railroad casualties:									
Passengers.....			27			21			42
Employees on duty.....		3	68		9	75		10	71
Persons carried under contract.....			4			2			7
Travelers not on trains.....									
Total.....		3	99		9	98		10	120

¹ Passenger automobiles, buses, and trucks.² Totals include publicly owned vehicles.³ Totals do not include publicly owned vehicles.

A staff study shows that 33,558 persons were killed and 86,278 injured in grade crossing accidents in the 20 years, 1935 to 1954. While it cannot be definitely concluded that there has been a down-trend in recent years, deaths were 10.8 percent and injuries 12.7 percent fewer in 1950-54 than in 1935-39. A comparison with the 1923-27 records shows considerably more marked reductions. There has been improvement in terms of exposure. Users of crossings share the responsibility for these accidents with the railroads and, although modern highways are built without grade crossings, the problem remains serious. Use of public and railroad funds is involved in amelioration of this most important single cause of accidents reported to us by the railroads.

SAFETY APPLIANCES

The following table shows the results of inspection of safety appliances, with corresponding data for the preceding year:

Item	Year ended June 30—	
	1956	1955
Freight cars inspected.....	1, 157, 816	1, 208, 586
Percent defective.....	5.33	4.65
Passenger-train cars inspected.....	39, 953	41, 040
Percent defective.....	4.36	3.37
Locomotive units inspected ¹	13, 797	14, 177
Percent defective.....	2.03	2.21
Number of defects per 1,000 cars and locomotive units inspected.....	60.80	53.34

¹ Safety appliances. See also page 107.

During the year, 160 cases of violation of the safety laws, comprising 583 counts, were transmitted to United States attorneys for prosecution. At the beginning of the year, 74 cases, involving 316 counts, were pending in the district courts. Judgment was confessed in 169 cases involving 625 counts and 2 counts were tried and await decision. On June 30, 1956, 65 cases, comprising 272 counts, were pending in the district courts.

Plans and specifications of two devices designed to increase safety in railway operations were examined and opinions transmitted to the proprietors or their agents.

HOURS OF SERVICE

The following table shows hours-of-service statistics for 1956 and 1955:

	Year ended June 30—	
	1956	1955
Railroads filing hours of service reports.....	610	621
Railroads reporting instances of excess service.....	149	142
Instances of excess service reported.....	5, 517	4, 407

Eleven cases of violation of the hours of service law, comprising 29 counts, were transmitted to United States attorneys for prosecution. At the beginning of the year, 3 cases, involving 13 counts, were pending in the district courts. Judgment was confessed in 10 cases on 25 counts. On June 30, 1956, 4 cases, containing 17 counts, were pending in the district courts.

SIGNAL DEVICES AND COMMUNICATION SYSTEM

According to reports submitted by the carriers, block-signal systems, interlocking, and automatic train-stop, train-control, and cab-signal devices were in use on January 1, 1956, as follows:

Type of signal protection	Plants	Miles of—		Loco- motives
		Road	Track	
Block-signal systems:				
Automatic		81, 537. 2	111, 744. 8	
Nonautomatic		28, 585. 7	29, 545. 0	
Total		110, 122. 9	141, 289. 8	
Corresponding totals, Jan. 1, 1955		109, 509. 5	141, 351. 5	
Interlocking	4, 177			
Automatic train-stop, train-control, and cab-signal devices:				
Train-stop		9, 255. 5	15, 448. 1	5, 140
Train-control		1, 025. 3	1, 951. 1	849
Cab-signal		3, 976. 6	8, 638. 5	3, 816
Total		14, 257. 4	26, 037. 7	9, 805
Corresponding totals, Jan. 1, 1955	4, 312	14, 216. 8	26, 088. 6	10, 190

As of January 1, 1956, train communication systems were in use on 123 railroads, of which 49 had both line-of-road and yard and terminal installations in service, 29 line-of-road installations only, and 45 yard and terminal installations only. Line-of-road installations were in service for operation over a total of 86,189 miles of road, and there were 457 yard and terminal installations. There were 12,660 wayside stations and mobile units, such as locomotives, cabooses, passenger, and other cars provided with train communication equipment, and 2,744 portable radio sets in service.

The line-of-road installations comprised radio systems on 73,544 miles of road, inductive systems on 6,142 miles of road, end-to-end installations employing wire connections through the train on 2,259 miles of road, and a combined inductive and wire intercommunication system operating over 87 miles of road. Radio telephone systems provided by communication common carrier, mostly to furnish communication facilities for passengers, were in service on 4,157 miles of road.

The 457 yard and terminal installations consisted of 430 radio systems, 7 inductive systems, and 20 installations using commercial leased radio services.

There was an increase of 8 in the number of railroads using train communication systems in line-of-road service in 1955, and of 4,246 in the miles of road over which such systems were operated. Three more railroads used yard and terminal installations, and there were 65 more such installations. There was an increase of 2,694 in the number of wayside station or mobile units equipped and of 905 in portable sets in service.

Detailed information concerning those installations is contained in the annual statistics bulletin, published separately.

In the year ended June 30, 1956, 242 applications were filed for modifications of block-signal systems and interlockings. At the

beginning of the year action was pending on 18 applications previously filed. During the year, 225 applications were acted upon, 2 were withdrawn, and action was pending on 33 at the close of the year.

Sixty-four applications were filed in the year for modification or for relief from certain requirements of the rules, standards, and instructions prescribed by our order of June 29, 1950, under the Signal Inspection Law. At the beginning of the year action was pending on 2 such applications. Of this total, 51 applications were acted upon, 1 was withdrawn, and action was pending on 14 at the close of the year. Public hearings were held on 6 applications, and appropriate action taken.

Monthly signal failure reports filed by the carriers for the year ended June 30, 1956, are summarized below:

False restrictive failures.....	29,761
False proceed failures.....	76
Potential false proceed conditions.....	11

During the year ended June 30, 1956, inspections were made as follows:

Block signal systems.....	694
Interlockings.....	1,993
Automatic train-control and cab-signal devices.....	536
Traffic-control systems.....	474
Other similar appliances, methods, or systems.....	20
Total.....	3,717

These inspections served to call railroad management's attention to a large number of unsatisfactory maintenance conditions for corrective action.

Two cases of violation of the Signal Inspection Law were transmitted to United States attorneys for prosecution and were pending on June 30, 1956.

TRANSPORTATION OF EXPLOSIVES AND OTHER DANGEROUS ARTICLES

During the year ended June 30, 1956, we adopted 670 amendments to the regulations for safe transportation of explosives and other dangerous articles. (See Legislative Recommendation No. 20, p. 171.) They included changes in regulations concerning shipments in tank cars, tank car specifications, and new packaging methods. Special permits for experimental or emergency shipments were issued or renewed in 575 cases. At the close of the year, 271 special permits were in effect. Field investigations resulted in 701 reports on practices in transportation of explosives or other dangerous articles at 765 locations, and disclosed a total of 3,590 violations of the regulations. Six instances were considered sufficiently serious to warrant prose-

cution. Two cases were pending in the courts at the beginning of the year. Three cases were disposed of by imposition of fines, and one case was dismissed. As of June 30, 1956, 4 cases were pending in the courts.

MEDALS OF HONOR

The President is authorized, by an act of February 23, 1905 (45 U. S. C. 44 and 45), to bestow bronze medals of honor upon persons who, by extreme daring, endanger their own lives in saving, or endeavoring to save, lives from any wreck, disaster, or grave accident upon any railroad within the United States engaged in interstate commerce. During the year, 3 applications for award of medals of honor were investigated and medals were awarded in 2 instances, as follows:

Aloysius A. Russell, brakeman for the Reading Company, rescued a 2½-year-old child from the path of an approaching train at Suplee, Pa., on June 12, 1955. A freight train, consisting of a 2-unit diesel locomotive, 40 cars, and a caboose, was proceeding westward from Suplee at about 35 miles per hour. When the train came around a curve onto tangent track, an object was sighted on the track about 550 feet ahead. The object was quickly identified as a small child accompanied by a dog. The train brakes were applied in emergency. Mr. Russell left his seat in the control compartment, ran along the running board to the front of the locomotive, crossed to the right side, descended the steps to the footboard, and pushed the child off the track with his right hand. In doing so, he lost his grip and fell from the locomotive, sustaining several bruises and a fractured right toe. The child was not injured. Speed of the train had been reduced to approximately 15 miles per hour when the locomotive passed the point where the child had been standing.

Otto L. Gibson, a fireman on the Missouri Pacific Railroad, rescued a 21-month-old child from the path of an approaching train at South Omaha, Nebr., on June 14, 1954. A freight train, consisting of a 2-unit diesel locomotive and 19 cars, was moving on the inbound track just west of South Omaha at a speed of about 15 miles per hour when an object was observed between the rails. When the locomotive was about 650 feet away, the engine crew identified the object as a small child facing away from the approaching train. The airbrakes were applied in emergency and Mr. Gibson rushed out of the front door of the control compartment, crossed to the opposite side of the locomotive, got down on the step, and dived onto the track. He grasped the child and rolled to the north side of the track with the child in his arms unhurt, just as the locomotive passed the spot where the child had been.

There have been 109 applications for medals of honor since passage of this act; 69 medals have been awarded and 40 denied.

ACTIVITIES RELATING TO CONDITION OF LOCOMOTIVES¹²

INSPECTION OF LOCOMOTIVES

The accompanying table shows the scope of inspection activities for a period of 6 years. A sharp rise occurred in the year ended June 30, 1956, in the number of locomotives or units ordered out of service for repair, and there was a moderate rise in the percent of locomotives found defective.

Reports and inspections—Steam locomotives and locomotive units other than steam

	Year ended June 30—					
	1956 ¹	1955	1954	1953	1952	1951
Number of locomotive units for which inspectors filed reports.....	38,062	36,992	39,270	41,172	43,206	45,915
Number inspected.....	97,348	98,025	103,337	104,069	110,483	115,061
Number found defective.....	11,107	9,913	9,994	10,154	12,321	12,370
Percentage of inspected found defective.....	11.4	10.1	9.7	9.8	11.2	10.8
Number ordered out of service for repair.....	644	223	257	281	505	614
Number of defects found.....	35,560	29,968	29,403	30,143	41,351	46,592

¹ Includes multiple operated electric locomotive units designed to carry freight and/or passenger traffic subsequent to March 31, 1956.

Under rule 54 of the Rules and Instructions for Inspection and Testing of Steam Locomotives, 51 specification cards and 570 alteration reports were filed, checked, and analyzed. The reports are necessary to determine whether the boilers were so constructed or repaired as to render safe and proper service and whether the stresses were within allowed limits. Corrective measures were taken with respect to discrepancies found.

Under rules 328 and 329 of the Rules and Instructions for Inspection and Testing of Locomotives Other Than Steam, and under rule 449 for Multiple Operated Electric Locomotive Units Designed to Carry Freight and/or Passenger Traffic, 3,588 specifications (including 1,829 M. U. specifications) and 1,452 alteration reports were filed for locomotive units, while 335 specifications and 392 alteration reports were filed for boilers mounted on locomotive units other than steam. These specifications were analyzed and corrective measures were taken with respect to discrepancies found.

The Rules and Instructions for Inspection and Testing of Multiple Operated Electric Locomotive Units Designed to Carry Freight and/or Passenger Traffic became effective April 1, 1956. From April 1 to

¹² Locomotive inspection activities are shown in detail in the report of the Director of Locomotive Inspection, published separately.

June 30, 1956, 285 out of 2,782 reported units were inspected and 11 or 3.9 percent were found defective.

Applications filed for extension of time for removal of flues, as provided in rule 10, numbered 509. Our investigations disclosed that in 43 cases the condition of the locomotives or other circumstances did not justify extensions. Six locomotives were in such condition that the full extensions requested could not be authorized, but extensions for shorter periods of time were allowed. Twenty-five applications were canceled for various reasons. Applications granted for the full period requested totaled 435, of which 48 were granted after defects disclosed by our investigations were repaired.

During the year, 6 cases involving 117 counts for alleged violations of the Locomotive Inspection Act and rules prescribed thereunder were transmitted to United States attorneys for action. In one such case the New York Central Railroad Company confessed judgment in the northern district of Ohio on 51 counts for failure to file reports of monthly inspections within 10 days thereafter as required by the rules, and a penalty of \$5,100 was assessed. There was a dismissal of 51 other counts.

Five other cases are pending as follows: New York Central Railroad Company, western district of New York, 1 count for use of a defective locomotive; the Northwestern Pacific Railroad Company, northern district of California, 11 counts for permitting a locomotive owned by a lumber company to be used on its line without removal of the flues and cleaning and examination within the required time; Chicago and North Western Railway Company, northern district of Illinois, 1 count for use of a locomotive having a defective injector; Union Pacific Railroad Company, district of Oregon, 1 count for use of a defective locomotive; the Pennsylvania Railroad Company, middle district of Pennsylvania, 1 count for use of a defective locomotive.

No formal appeal from the decision of a district inspector was filed by any carrier during the fiscal year.

To keep district inspectors thoroughly familiar with improvements in locomotives other than steam and multiple operated electric locomotive units designed to carry freight and/or passenger traffic and to establish uniform enforcement standards among the districts, the inspectors are assembled in groups at convenient locations for conferences and discussions with officials of the Washington office. Such items as new locomotive designs, inspection problems arising in the various districts, matters concerning policies, and uniform inspection and enforcement procedure under the Locomotive Inspection Act are discussed at the conferences.

ACCIDENTS AND THEIR INVESTIGATION

In the year ended June 30, 1956, 73 accidents caused by defective locomotives were reported under the requirements of the Locomotive Inspection Act. Four persons were killed and 79 injured. In 1955 there were 83 such accidents, in which 3 persons were killed and 142 injured.

The accompanying table shows a steady decline in the 6 years covered in the number of accidents caused by failure of some part or appurtenance of locomotives. The number of persons killed or injured varied irregularly.

Accidents and casualties caused by failure of some part or appurtenance of steam locomotives and locomotive units other than steam

	Year ended June 30—					
	1956 ¹	1955	1954	1953	1952	1951
Number of accidents.....	73	83	105	134	196	221
Percent decrease from previous year.....	12.0	21.0	21.6	31.6	11.3	² 0.5
Number of persons killed.....	4	3	3	12	4	16
Percent decrease from previous year.....	² 33.3	-----	75.0	² 200.0	75.0	² 60.0
Number of persons injured.....	79	142	302	150	203	299
Percent decrease from previous year.....	44.4	53.0	² 101.3	26.1	32.1	² 27.8

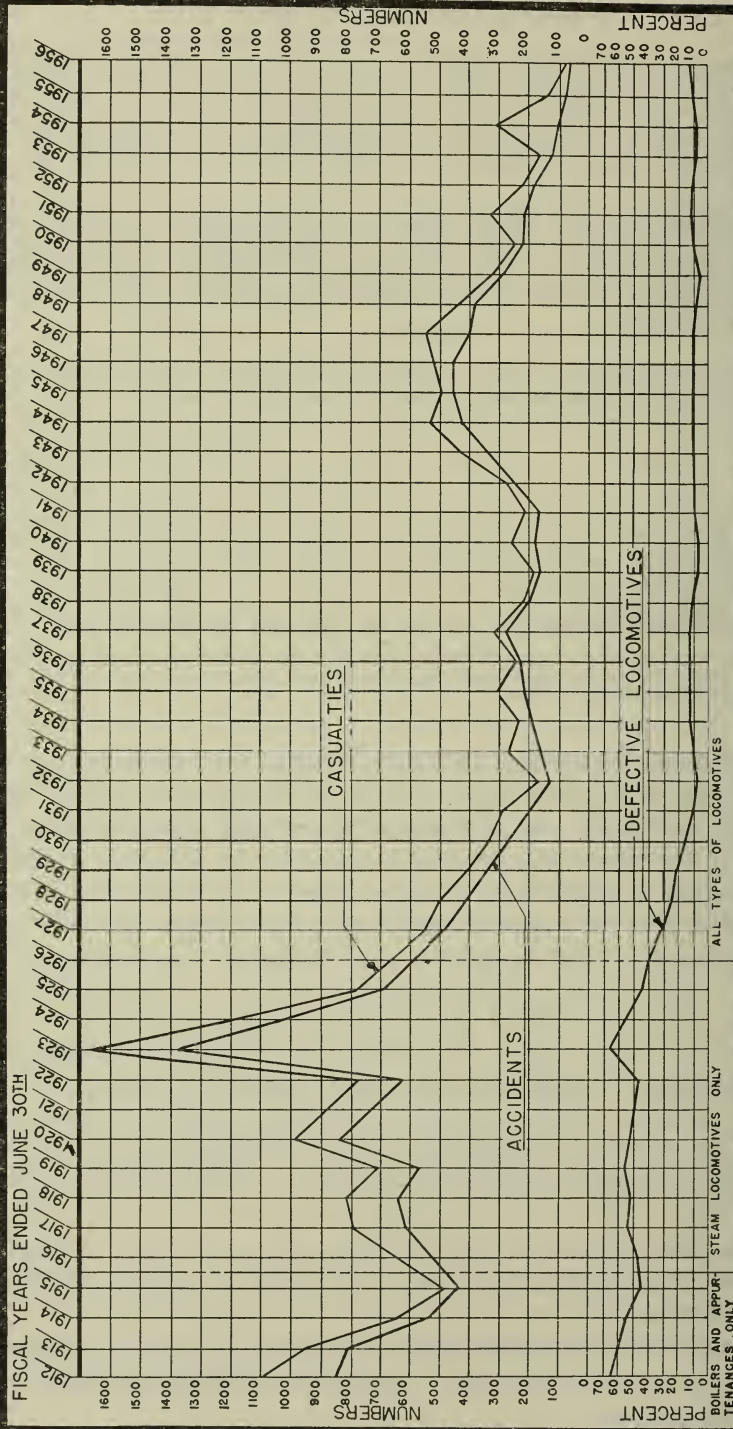
¹ No accidents involving multiple operated electric locomotive units designed to carry freight and/or passenger traffic were reported in 1956.

² Increase.

The accompanying chart shows the relation between the percentage of defective locomotives and the number of accidents and casualties which have resulted from defective parts and appurtenances and illustrates the effect of operating locomotives in defective condition. This relation is shown most conspicuously in the year 1923. It was in this year that the railroads embarked upon a large-scale modernization program. While accidents and casualties rose during World War II, use of steam power improved design and made of better materials, and the use of diesel-electric locomotives held the percentage of defective locomotives down. The large-scale introduction of diesel-electric locomotives since the war and retention of only newer and better steam locomotives have been factors in holding the percentage of defective locomotives down in this later period. Various other factors would require consideration in a complete analysis of the chart.

Of the 73 accidents in the year ended June 30, 1956, 22 resulted from defective condition of floors, steps, and passageways of diesel-electric locomotives.

In 11 of the 20 accidents caused by accumulation of oil upon walking surfaces, oil accumulations had been reported from 4 to 29 times during



RELATION OF DEFECTIVE LOCOMOTIVES TO ACCIDENTS AND CASUALTIES RESULTING FROM LOCOMOTIVE FAILURES

the month preceding the accident. Continued reporting of the same defective condition indicates laxity in observance of basic safety essentials. Because each oil hazard is a potential source of a disabling accident, district inspectors have been instructed to give close attention to this type of defect, particularly on railroads where the condition is prevalent.

Three accidents resulted from defective condition of cab seats. The reduction of five in the number of such accidents under the preceding year apparently is a reflection of the surveillance exercised by the district inspectors.

Seven crankcase explosions caused injuries to 9 persons. Primary cause of the explosions was overheating of bearings, 4 of which were traced to a clogged or defective lubrication system, one to rotation of a bearing with stoppage of oil passages, and 2 to defective pistons. Three accidents resulted from employees coming in contact with unguarded moving parts.

Two boiler explosions occurred in the year ended June 30, 1956. Both resulted from overheating of the crown sheet because of low water. Four persons were killed and 2 injured in these accidents.

In an accident on a locomotive in freight service, the color of the overheated sheets showed a line of demarcation which indicated the water had been approximately 9 inches below the highest point of the crown sheet. The train was stationary at the time of the explosion. The switching locomotive involved in the other accident had been ordered for yard service and was being prepared for service when the crown sheet failed. The entire crown sheet and top portion of the back flue sheet had been overheated. The overheated area, as shown by the color of the sheets, indicated the water level had been about 16 inches below the highest point of the crown sheet.

Six boiler and appurtenance accidents other than explosions resulted in injury to 6 persons.

All accidents reported under requirements of the law and rules were carefully investigated and appropriate action taken to prevent recurrence as far as possible. Copies of published reports of accident investigations were distributed to interested parties, and all district inspectors were advised of details and causes of unusual accidents to assist them in their educational work with railroad personnel. The dissemination of pertinent information concerning fundamental causes of locomotive accidents and resultant casualties has been an important adjunct to basic enforcement activities. Such public information combined with active enforcement of the requirements has been effective in promoting locomotive safety and has resulted in a decreasing accident trend. Special conferences are held with groups of district inspectors at which uniformity of enforcement

procedures is stressed, and methods of improvement in promoting locomotive safety are discussed. The meetings are implemented by distribution of current activities bulletins covering accident investigations, which are forwarded monthly to the district inspectors.

MOTOR SAFETY PROGRAM

The motor carrier safety program deals with basic accident cause factors peculiar to highway transportation. It includes activities of our staff concerned with inspection of vehicles, examination of records relating to hours of service of drivers, inspection to determine compliance with our regulations relating to driver qualifications, promotion of safety education of drivers and carrier management personnel, and administration of regulations governing transportation of dangerous commodities. It includes development of regulations of an engineering nature relating to design of vehicles and parts. Data reflecting the accident experience of motor carriers are collected and analyzed for the purpose of aiding our efforts and those of other organizations in promoting safety.

THE ACCIDENT AND CASUALTY RECORD

Motor carrier safety continued to be one of our major problems. Over the years, there have been substantial increases in the number of motor vehicles and in vehicle-miles operated. These increases have led, of course, to far greater accident exposure. In 1955, rural highway traffic volume was 97 percent greater than in 1946. The number of motor vehicles registered rose from 34.4 million in 1946 to 62.8 million in 1955, or 83 percent. Intercity vehicle-miles reported by class I motor carriers of property and passengers rose from 3,722 million in 1946 to an estimated 8,520 million in 1955, or 129 percent. Deaths in all street and highway accidents in the first 7 months of 1956 totaled 21,730, an increase of 9 percent over the 19,930 fatalities in the same period of 1955 and a record high for the period.

There was encouraging improvement, however, in the first 6 months of 1956 both as to fatalities and the number of accidents involving fatalities reported to us by common and contract motor carriers. Fatalities resulting from accidents involving their interstate operations decreased by 12 percent, and the number of accidents involving fatalities decreased by 8 percent. During the same period, total intercity vehicle-miles reported by the larger class I motor carriers of property increased approximately 1 percent, while miles reported by class I carriers of passengers declined very slightly.

For the calendar year 1955, accidents reported to us by for-hire motor carriers on trips in interstate or foreign commerce numbered 31,935, an increase of 16 percent over the 27,646 reported for 1954

and of 111 percent over the 15,149 reported for 1946. Deaths resulting from these accidents rose from 1,336 in 1946 to 1,774 in 1955, an increase of 33 percent, and in 1955 were 27 percent above the 1,394 fatalities in 1954. The latter year was the third consecutive year in which there had been a decrease in fatalities, but this trend unfortunately was reversed in 1955.

The following tabulation gives pertinent data for 1953-55:

Item	Calendar year		
	1955	1954	1953
Vehicle registrations:			
All motor vehicles ¹	62,760,395	58,589,863	56,279,864
Trucks.....	10,331,912	9,842,647	9,575,519
Buses.....	255,249	245,346	244,251
Vehicle-miles compared with preceding year:			
All motor vehicles—rural roads..... percent.....	+6.0	+2.9	+6.5
Trucks—intercity miles—class I carriers..... do.....	+13.7	-4.0	+11.2
Buses—intercity miles—class I carriers..... do.....	-1.2	-8.4	-1.0
Accidents reported:			
Total ²	31,935	27,646	31,920
Property-carrying vehicles ³	28,291	24,104	28,123
Passenger-carrying vehicles.....	3,678	3,576	3,841
Fatalities:			
Total ²	1,774	1,394	1,685
Property-carrying vehicles ³	1,625	1,244	1,533
Passenger-carrying vehicles.....	160	156	168
Nonfatal injuries:			
Total ²	19,415	16,622	19,388
Property-carrying vehicles ³	14,496	12,041	14,362
Passenger-carrying vehicles.....	5,144	4,786	5,235
Property damage:			
Total ²	\$35,416,030	\$29,892,830	\$34,700,620
Property-carrying vehicles ³	33,418,490	27,929,360	32,713,600
Passenger-carrying vehicles.....	2,127,560	2,096,520	2,210,780

¹ Totals include all publicly owned motor vehicles.

² Each year a number of accidents involve both a truck and a bus and so are included under both the property-carrying and the passenger-carrying categories. Hence a sum of the figures under these two categories for any item will exceed the "total" figure given.

³ The truck accidents shown herein were reported only by common and contract carriers, less than 25 percent of the carriers under our jurisdiction as to safety.

The following table shows changes in deaths and injuries in motor carrier accidents reported to us for 1944-55:

Calendar year	Fatalities		Injuries	
	Number	Increase or decrease	Number	Increase or decrease
1955 ¹	1,774	Percent +27	19,415	Percent +17
1954 ¹	1,394	-17	16,622	-14
1953 ¹	1,685	-10	19,388	-2
1952 ¹	1,877	-5	19,797	-10
1951.....	1,986	+14	22,070	+17
1950.....	1,735	+18	18,906	+6
1949.....	1,471	-2	17,787	-5
1948.....	1,501	+9	18,677	+8
1947.....	1,382	+3	17,367	+5
1946.....	1,338	+16	16,565	+15
1945.....	1,150	+2	14,346	+11
1944.....	1,133	+7	12,921	+24

¹ Data for 1952, 1953, 1954, and 1955 are on basis of accidents which occurred in those years. For previous years, data are for accidents reported during the year indicated.

The accompanying chart gives indexes of fatalities, rural vehicle-miles of all vehicles, and vehicle-miles as reported to us by bus and truck companies for 1946-55 and the first 6 months of 1956, with 1946, the first full postwar year, used as a base. This chart is subject to certain limitations,¹³ but appears to indicate general improvement in recent years in the accident experience of carriers subject to our general jurisdiction.¹⁴

COVERAGE AND HANDLING OF ACCIDENT REPORTS

Reports are filed by common and contract carriers on accidents in those operations in interstate or foreign commerce which extend beyond the limits of municipalities and the commercial zones thereof. In addition, reports are filed on accidents occurring in local transportation of explosives and other dangerous articles. There are three important sources, however, from which we receive no accident data. If obtainable, this additional information would add much to the value of our statistics. One is the exclusion of accidents which occur on intrastate runs, and consideration is being given to obtaining reports on them. Another concerns private carriers engaged in interstate operations. They are subject to our safety regulations, but have not been required to report accidents. In addition, although motor carriers of "exempt" commodities are subject to the accident-reporting requirement, they report accidents very infrequently. The accidents they report are not included in the foregoing table.

Reports received during the year ended June 30, 1956, numbered 36,244, or 14.7 percent more than the 31,591 received in the fiscal year 1955. Data as to the total number of accidents, the number of persons killed and injured, total property damage, and certain other information are taken from all reports except those relating to accidents not reportable under our regulations. Only 30 percent of the reports are analyzed fully, however, because of the large volume of work involved.

DEFECTIVE BRAKES AND OTHER IMPORTANT FACTORS IN ACCIDENTS

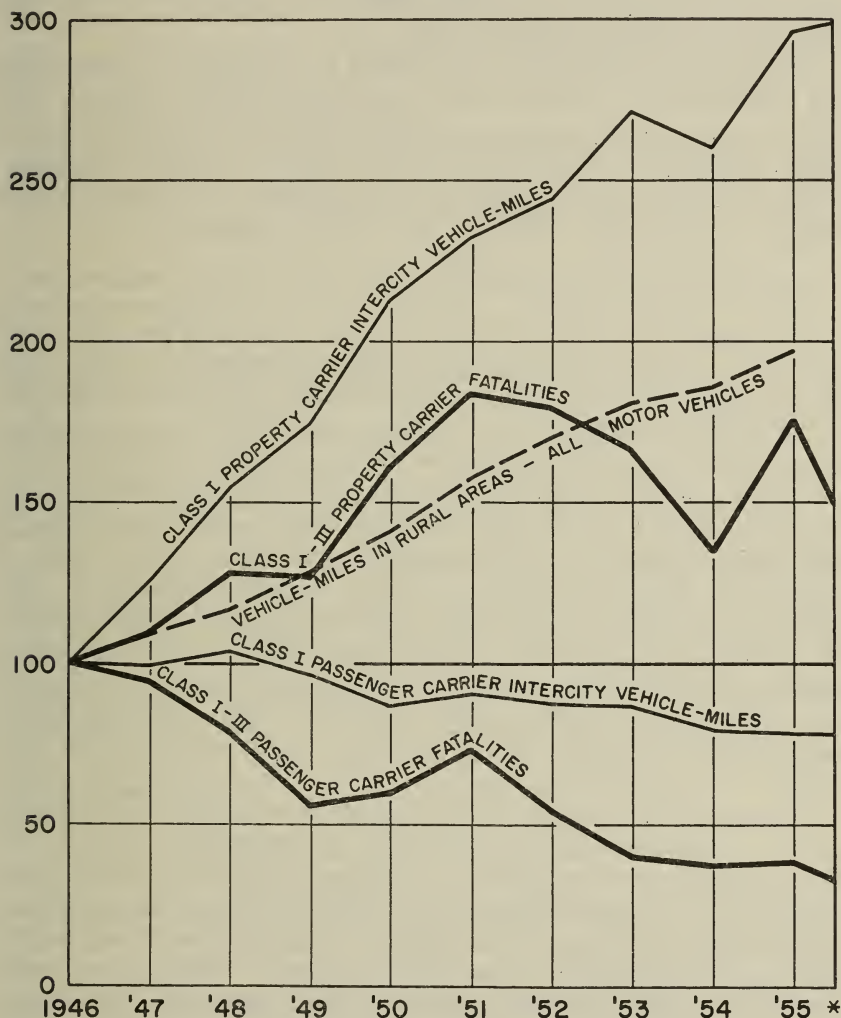
As stated in our last report, a number of serious runaway truck accidents pointed to the need for revision of our regulations relating to the braking systems of combination vehicles. After consultations with manufacturers of trucks, trailers, and brake parts, and with

¹³ The fatalities covered are those on only interstate trips and relate to class I, class II, and class III carriers subject to our general jurisdiction. Vehicle-miles are for only class I carriers and cover all intercity trips. Also, class I carriers have grown in importance in the period relative to class II and class III carriers. Further, the miles of the regulated carriers include miles operated on city streets in connection with intercity trips, in contrast to "rural mileage" of all motor vehicles.

¹⁴ Data on vehicle-miles from Bureau of Public Roads.

INDEXES OF MOTOR CARRIER TRAFFIC FATALITIES AND VEHICLE-MILES

1946 = 100



* 6 months of 1956

Sources: I.C.C., Bureau of Transport Economics and Statistics, *Statistics of Class I Motor Carriers* and Statement Q-800, accident reports of motor carriers, and U.S. Bureau of Public Roads, Table VM-1

motor-carrier representatives, our staff recommended additional brake requirements. They were adopted by our supplemental report in Ex Parte No. MC-40, dated May 21, 1956, and copies were served on approximately 60,000 motor carriers. We believe the additional requirements, which are to be observed with respect to all vehicles operated in interstate or foreign commerce by January 1, 1957, will substantially reduce existing hazards.

Studies are now being directed toward the possibility of improving our regulations to cope with other important accident hazards. Included is a need for more adequate safeguards in the securing of heavy loads, particularly of coils of steel and similar articles. The possibility of improving our regulations with respect to coupling devices between tractors and trailers also is receiving attention.

TRANSPORTATION OF EXPLOSIVES AND OTHER DANGEROUS ARTICLES

Although motor-carrier transportation of ammunition and other explosives for the Armed Forces decreased markedly in 1955, such carriers continued to handle very substantial quantities of explosives in highway movements. At the same time, there is an increasing trend toward motor transportation of other hazardous commodities.

Tonnage figures as to military shipments of explosives are not available. The U. S. Bureau of Mines reports that production of industrial explosives in 1955 reached an alltime high total of 780,944,000 pounds (exclusive of liquid oxygen explosives). The Institute of Makers of Explosives estimates that 569 million pounds, net weight, or 72.9 percent of this total, were moved from manufacturing plants by motor vehicle in long-distance hauls, as compared with 68 percent in 1954 and 63 percent in 1953. No estimate is available of the amount delivered locally from magazines to consumers.

We continue to examine closely the safety compliance and accident records of carriers engaged in transporting explosives. In each case of an application for authority to transport explosives, special study is made by our field staff and our Section of Motor Carrier Safety to determine the extent of the carrier's compliance with our regulations and the adequacy of its safety program. When safety compliance is unsatisfactory or a serious accident record exists, we direct our staff to introduce evidence in the proceeding to provide the basis for determination of the fitness of the applicant. During the year, such testimony was given in 3 cases, 1 of which looked toward possible revocation of certificates. Two such applications were denied on the ground of lack of fitness as shown by an unsatisfactory safety record and noncompliance with our regulations.

One case of total destruction of vehicle and cargo by fire in the transportation of explosives was reported to us since our last report. This accident occurred in California in the operations of a private carrier of explosives. (See Legislative Recommendations Nos. 8 and 20, pp. 165, 171.) There have been a number of accidents in the transportation of other dangerous commodities, including chlorine, acids, poisons, flammable liquids, and compressed gases. Some of these accidents were the direct result of violations of our regulations and of unsafe operating practices.

Representative accidents include: Rockmart, Ga.—21 persons affected following explosion of a liquid chlorine cylinder which apparently had been allowed to roll on the trailer floor instead of being secured as required by our regulations. Los Angeles, Calif.—1 person injured by nitric acid escaping from a tank vehicle not meeting our requirements for corrosive liquids. Cookeville, Tenn.—Destruction by fire of vehicle transporting class D poisons, after loss of control because of brake failure and use of an inexperienced driver. Cassopolis, Mich.—Destruction of a vehicle transporting compressed gas in cylinders after loss of control by the driver and explosion of the cylinders with 3 persons injured. Culberson County, Tex.—3 persons killed and 3 injured when a vehicle transporting gasoline ran out of control down a mountain grade as the result of improper driving. Mount Vernon, Ky.—1 person injured when a vehicle transporting class A explosives went out of control, struck a highway structure, and ran off the highway. Morris, Ill.—A vehicle transporting concentrated sulfuric acid left the highway, overturned, and 2 persons burned when they walked into acid spilled onto the highway because the dome cover failed. St. Louis, Mo.—Sulfuric acid leaked from a tank trailer onto a city street because of improperly closed valves, and acid was splashed on a boy cyclist by other vehicles.

EDUCATIONAL AND COMPLIANCE ACTIVITIES

With an enlarged field staff and a reorganization of our headquarters motor safety staff, it now is possible to carry on the greater educational and compliance activities which were so badly needed. Among the immediate results have been prompt summarization and release of data from field checks of vehicles and drivers, discussed later.

We expanded our statistical procedures to develop more significant data by showing the relationship between the accident experience of class I carriers in their interstate operations and their intercity vehicle-miles. Beginning with 1956, we initiated a program of issuing quarterly statements showing the occurrence of accidents, by groups of carriers and geographic regions, related to mileage

reported by these carriers. The first releases were made on August 22 and October 16.

An analysis of defective-vehicle accidents reported by motor carriers during 1952 and 1953 was completed and released to the public. We hope to prepare more general and special reports that will contribute to better understanding of factors in accidents and to keep more nearly current in the release of such reports.

In our last report we emphasized the imperative need for added personnel to enable us to discharge our statutory obligations with respect to operations of private carriers and carriers of commodities exempt from general regulation under section 203 (b). As the Congress has voted us funds in the current and the preceding fiscal year for increased staff, we have programed an expanded activity in identifying carriers in these groups, serving them with our safety regulations and increasing our enforcement activity in these areas. To date, we have served copies of our safety regulations on 28,518 private carriers and 10,509 carriers operating under the exemption. We estimate that there are approximately 100,000 more carriers of these types who should be reached and brought into compliance with the regulations.

In the absence of a requirement that such carriers "register" their operations or otherwise make known to us that they conduct motor-vehicle operations in interstate or foreign commerce, the task of making the safety regulations effective as to such carriers is exceedingly difficult to perform. Because of the magnitude and growth of motor transport by these carriers, it is essential that we discharge our responsibility in this field as effectively as possible. The size of the task is shown by the fact that approximately 1,430,700 trucks and buses are operated in interstate or foreign commerce by motor carriers subject to the safety regulations.

In the year, 896 safety compliance statements were furnished to the Motor Carrier Board in connection with applications for temporary authority, compared with 756 statements in the preceding year. Denial of the authority sought was recommended in 64 cases, and all of these applications were denied by the Board. Division 1, acting as an appellate division, denied 11 petitions for reconsideration of the denial action of the Board. Operating authority in 35 other cases was limited in duration on recommendations based on safety considerations.

Analysis was made of 7,187 hours-of-service reports filed by motor carriers, with 20,133 accompanying sheets. These reports disclosed excessive hours of service by 80,549 drivers, with 53,706 instances of excess daily driving time and 181,120 violations of the weekly on-duty limitations. (See Legislative Recommendations Nos. 8 and 22,

pp. 165, 172.) A total of 21,728 monthly reports stated that no violations of either daily or weekly limitations occurred in the preceding month. The figures as to the number of drivers and number of violations are based on analysis of 50 percent of all reports received.

The field staff checked records and operations of 2,253 carriers subject to our general jurisdiction, made safety checks of 5,523 such carriers and private and exempt carriers, and inspected 29,643 motor vehicles and drivers to determine the state of their compliance with applicable regulations. Appropriate steps then were taken with respect to violations discovered. In addition, the staff examined 1,493 reports and records dealing with drivers' hours of service and investigated 162 accidents out of some 1,320 which involved fatalities. Field investigations were made of 2,791 cases in which authorized carriers failed to provide evidence of required insurance for protection of the public.

We have been able to increase substantially the number of inspections of vehicles and drivers made while such vehicles are en route, as a result of additions to our staff. In the weeks beginning April 30, August 20, and October 8, 1956, our entire field staff devoted most of its time to nationwide road checks of vehicles and their drivers. These checks pointed up widespread lack of attention to good maintenance practices and substantial disregard of hours-of-service regulations. We have brought this situation to the attention of all motor carriers and the public, and appropriate action has been taken in individual cases of pronounced violations.

We have used all proper means to bring about compliance with our safety regulations. In addition to the administrative work by our staff, more than 50 percent of the court cases brought in connection with motor carrier enforcement have consisted entirely or in part of safety counts.

As a result of examination of accident reports and the special investigation of accidents by our field staff, several recommendations for improvement in highway design or construction features were forwarded to the Bureau of Public Roads. Many of these recommendations led to important modifications of highway facilities.

Staff members of the Section of Motor Carrier Safety continued to serve on several committees of national safety organizations, including the board of directors and several committees of the National Safety Council, the National Committee on Uniform Traffic Laws and Ordinances, the Federal Safety Council, the American Standards Association, and the American Association of Motor Vehicle Administrators. The chief and assistant chief of the section made several speaking appearances before national and State meetings of motor carrier associations and of management, operating, and safety officials.

INSURANCE

Increased limits of bodily injury and property damage liability insurance became effective for motor carriers and freight forwarders on November 1, 1955. Other general rule changes affecting motor-carrier security for protection of the public also became effective on that date. The same changes went into effect for freight forwarders on December 31, 1955. Several States have enacted insurance requirements in the year in keeping with our revised rules.

We contemplate further changes in our rules and regulations relating to security for protection of the public with respect to both motor carriers and freight forwarders. (See Legislative Recommendation No. 3, p. 160.) The purposes are, first, to simplify filing procedures further and, second, to bring our requirements regarding financial resources of insurance and surety companies more in line with present-day conditions.

During the year there were received, examined, and filed 36,555 certificates of insurance, 751 surety bonds, 7,909 notices of cancellation of previously filed certificates of insurance and surety bonds, and 627 rescinder-reinstatement notices pertaining to previously canceled surety bonds and certificates of insurance. Four applications by motor carriers for approval of qualifications as a self-insurer were received and, following analysis, all were approved. There were also received, on request, and analyzed 575 financial statements from motor carriers previously found by us to be qualified as self-insurers.

Security for the protection of the public, covering bodily injury and property damage liability, was being provided by some 19,451 motor carriers and 95 freight forwarders as of October 31, 1956. In addition, some 15,394 motor common carriers of property and 100 freight forwarders were furnishing cargo insurance on October 31, 1956, covering their legal liability to compensate shippers and consignees for loss of or damage to their property.

Several petitions and other formal filings bearing on the adequacy of the amounts of insurance prescribed for motor carriers hauling dangerous explosives and other inherently dangerous commodities were denied during the year.

Under the requirements of section 211(c), there are now on file with us 205 surety bonds executed by and on behalf of brokers of transportation to insure financial responsibility in the supplying of authorized transportation in accordance with contracts, agreements or arrangements therefor.

Our experts in insurance matters are also charged with the duty of keeping us currently informed as to the financial condition, stability, and reliability of the insurance companies which provide the security for the public on behalf of motor carriers and freight forwarders, so that we can determine whether the public will be adequately protected

under the policies of insurance we accept. During the year published reports on the financial condition and stability of 465 insurance companies were reviewed and studied. Of these, 126 filed complete financial statements with us, on request, and all of them were analyzed and interpreted.

ACCOUNTING, STATISTICS, ECONOMICS, AND VALUATION

Sound accounting regulations, statistical collection and studies, and economic analyses lay the basis for much factual information continuously needed in our regulatory work and for the guidance of others. The scope and economic importance of our regulatory work are indicated by the aggregate revenues of the carriers subject to our accounting regulations and statistical reporting requirements. Even without the revenues of many thousands of smaller carriers for which we prescribe no accounting regulations, these gross operating revenues amount to about \$17.8 billion annually.

During the year, we directed a reclassification of motor carriers of property for accounting and statistical reporting purposes, effective January 1, 1957. We also made substantial improvements in the processing of data contained in carrier reports through mechanization of these processes, and we effected marked reductions in the time lag between receipt of such reports and the issuance of studies and compilations.

The staff work discussed here is carried on by the Bureau of Accounts, Cost Finding and Valuation, and the Bureau of Transport Economics and Statistics.

ACCOUNTING

Carriers subject to accounting regulations.—On October 31, 1956, 4,243 companies, with aggregate gross operating revenues of about \$17.8 billion annually, were subject to our prescribed accounting regulations, as follows:

Railroads, class I.....	119
Railroads, class II.....	319
Railroad switching and terminal companies.....	208
Motor carriers (passenger).....	215
Motor carriers (property).....	3, 003
Oil pipelines.....	82
Water lines.....	153
Electric lines.....	39
Freight forwarders.....	63
Protective service companies.....	8
Express company.....	1
Sleeping car company.....	1
Stockyard companies.....	28
Holding companies.....	4
Total.....	4, 243

Accounting regulations have not been prescribed for motor carriers having less than \$200,000 and water lines and freight forwarders having less than \$100,000 of annual revenue. This group includes approximately 16,000 motor carriers, 123 water carriers, 32 freight forwarders, and 119 companies which furnish cars for use on lines of railroads. These smaller carriers or companies, however, are required to file condensed annual or quarterly reports.

ACCOUNTING REQUIREMENTS AND CARRIER CLASSIFICATIONS

The work incident to formulating, revising, and interpreting the several classes of accounting regulations continued much as in the recent past. The more significant changes in procedure and other factors bearing upon this phase of our work are described below:

Effective January 1, 1957, motor carriers of property will be classified for accounting and reporting purposes into three groups: Class I, those with average gross revenues of \$1,000,000 or more per annum, class II, those with average gross revenues of \$200,000 or more but less than \$1,000,000 per annum, and class III, those with average gross revenues of less than \$200,000 per annum. Studies indicated that carriers with gross revenues of \$1,000,000 or more per annum have accounted for a steadily increasing percentage of the total revenue of class I carriers and that their operating and financial reports are more informative when they are not consolidated with those of smaller carriers. The revision can also be used to reduce the burden of accounting detail on the smaller carriers now in class I, without depriving us or the general public of essential information. The removal of approximately 2,000 carriers from the class I group will enable earlier release of statistics for the major part of motor property transport operations.

A new form of balance sheet has been prescribed for use by railroads, effective January 1, 1957. This change does not affect the substance of the accounts materially but rearranges the presentation for a better disclosure of carriers' financial condition. Discussions and conferences were continued with the railroads, a committee of the American Institute of Accountants, and others, looking to the formulation of a form of railroad income statement which will better serve our needs and those of the general public, as well as to improvement in other accounting practices. Progress was made.

Revised regulations governing the form and recording of passes by motor carriers relax certain requirements in the matter of authenticating signatures which have been unnecessarily burdensome to the carriers. Also, a change was ordered in the recording of motor

carrier expenditures for employee welfare funds and related so-called fringe benefits. This change, requested by the carriers, was found to provide better disclosure.

In response to properly supported applications, we granted special accounting authority in 39 cases in which the established rules did not apply or would have produced distortions. These cases involved adjustments of capitalization, accounting for Federal income taxes, extraordinary expenditures for flood damages, retirement of obsolete equipment, and dismantling of tracks rendered surplus by improved railroad facilities and operating methods.

Federal income tax procedure and its effect upon carrier accounting under our regulations continued under study. Income-tax regulations recently adopted under the Internal Revenue Code of 1954 will influence financial policies of carriers in many ways and must be reconciled with the application of our accounting requirements. The effects of the income-tax regulations cannot be permitted to control accounting for regulatory purposes, but they cannot be ignored if financial results as recorded under our regulations are to be interpreted correctly.

The methods and rates of depreciation of transportation property continue to require attention. Reasonable and equitable charges for depreciation are necessary in determining cost of service and earnings in our ratemaking and other regulatory work. During the year we required rail, water, and pipeline carriers, including railroads which have completed reorganization and several pipeline carriers which have expanded operations, to make important revisions of their depreciation rates, as well as adjustments of depreciation reserves. We also approved limited modifications of depreciation rates to meet special conditions in 219 cases and issued orders prescribing revised rates in 70 cases.

COST FINDING

Cost studies and analyses are made by staff personnel primarily for use in connection with rate proceedings.

Requests for cost data received from Federal and State agencies, shippers, carriers, educational institutions, and others interested in transportation matters are numerous and denote a continuing demand for such figures.

Data and material concerning cost to carriers of furnishing transportation service, as prepared for our use and also released to the public, included:

Cost Study of Class I Motor Carriers of General Freight in the Rocky Mountain Region (Statement No. 1-56)

Cost of Transporting Freight by Class I Motor Common Carriers of General Commodities Performing Transcontinental Service (Statement No. 2-56)

Cost of Transporting Freight by Class I Motor Common Carriers of General Commodities in the Pacific Region (Statement No. 3-56)

Each study sets out average unit costs and cost scales by weight of shipment and by length of haul for single and interline movements. Factors are shown for adjusting these costs to make them applicable to specific movements of traffic where the services performed and the densities of the commodities differ from the territorial averages.

Distribution of the Rail Revenue Contribution by Commodity Groups (Statement No. 4-55)

This study indicates the extent to which revenue derived from the several commodity classes and groups exceeded the out-of-pocket costs of transporting the traffic in 1953. The excess revenue by commodities indicates how the transportation burden was distributed and thereby furnishes a measure of the extent to which value-of-service considerations are present in the rate structure. A comparable study for 1954 is in process.

Rail Carload Cost Scales by Territories (Statement No. 5-56)

This study provides rail carload freight service costs separately for the eastern district, Pocahontas region, southern region, and western district, based on 1954 operations with adjustment to reflect wage and price levels as of January 1, 1956. Costs are shown by types of car, by weights of net load, and by lengths of haul.

A special study of motor carrier costs of handling iron and steel articles between specific points also was prepared. At the close of the year cost studies were in progress on carriers operating within and between the Middle Atlantic and central regions.

In addition to these studies, cost analyses were completed in connection with 72 specific formal proceedings involving reduced rates on a variety of commodities where more than one agency of transportation was involved, increased freight rates, increased passenger fares, commutation fares, and other aspects of rail, motor, and water rates on various commodities.

Cost data were prepared for use by the Board of Suspension in connection with 2,031 suspension requests involving proposed changes

in 10,421 rail, motor, and water carrier individual point-to-point rates. Data also were prepared for 17 motor cases which involved the level of rates for entire rate territories and 5 cases relating to bus fares.

REVISION OF COST FORMULAS AND PROCEDURES

The motor carrier standard cost formula has been revised to include certain refinements for computing pickup and delivery costs and also for developing load factors. Rail cost-finding procedures were revised to permit separation of the terminal costs at origin and destination points between the switching portion and the freight-train car portion. This separation will provide more accurate adjustments in the application of costs to particular commodities. A new study of the relation of empty to loaded car-miles by types of equipment is being made. The formula for computing cost of freight transportation by rail is being revised to simplify its application, and a new formula for determining costs of the various kinds of traffic handled in passenger trains is being devised.

These cost studies and data are significant indicators of cost levels for comparison with present or proposed rates. The cost data can be applied in connection with traffic movement data, such as our 1-percent sample of rail waybills. Information developed in this manner shows the range of revenue scales as compared with costs for the same weight of load and for various lengths of haul. The data also may be developed by mileage blocks for the actual loads obtained from the traffic study.

ACCOUNTING INVESTIGATIONS AND EXAMINATIONS

FINANCE AND OTHER CASES

Journal entries submitted by carriers other than motor carriers were investigated and, after necessary corrections, were approved in 123 cases involving changes in capitalization, including issuance of capital stock or other securities, 67 cases involving discontinued operations and abandonment of branch lines or other segments of track, and 100 cases involving mergers, consolidations, and reorganizations. During the year, 1,396 applications from motor carriers to purchase, consolidate, or merge properties were examined and analyzed as to accounting, financial, and related matters. Motor carriers were required to file 340 statements of expenditures pursuant to orders in finance cases. These statements were examined for accounting details. Financial data used in 135 formal motor carrier proceedings were prepared or analyzed, and accounting features in 429 reports and orders were reviewed.

FIELD EXAMINATIONS AND INVESTIGATIONS

Examinations at the source of accounting and related records are conducted by a staff of accountants stationed at strategic points throughout the country. The primary purpose of the examinations is to determine whether carriers are complying with the accounting regulations so as to assure that reports filed with the Commission will fairly and accurately present the facts as to earnings, financial condition, and other aspects of the affairs and operations of the carriers. Where accounting improprieties and errors are brought to light by the examinations the carriers are required to take necessary corrective action. A secondary purpose of these examinations is to seek indications of irregular or unlawful activities, other than accounting, and report them to our Bureau of Inquiry and Compliance for appropriate action.

With the present field staff it is possible to examine each year the records of about one-fourth of the 4,243 carriers subject to accounting regulations. Under our existing program, carriers are selected for examination, first, on the basis of need, as indicated by the condition of reports on file, and, second, on the basis of size and character of the operations. During the year, 1,131 examinations were made, of which 198 covered railroads, 841 motor carriers, and 92 water lines, pipelines, freight forwarders, and other types of carriers.

In addition, 20 field investigations were made for special purposes. Some involved development of evidence for enforcement cases and others the collection at the source of specific information and data required for use in finance, ratemaking, and other proceedings. Special investigations sometimes are made at the request of other agencies. An important investigation during the year involved examination of the accounts and records of the New York, New Haven & Hartford Railroad Co. This inquiry went into practices of the carrier in repurchasing its securities and into its accounting practices to determine whether there has been any violation of our regulations or of the statutes we administer, and whether any practices have been indulged in which are contrary to the best interests of the carrier or the public. The field work on this assignment has been completed and the results are being evaluated.

Most of the smaller class I motor carriers require assistance in establishing their books and records in the prescribed manner when they become subject to our accounting rules for the first time. Such assistance is furnished by the field staff as part of its assigned work duties. Whenever practicable, staff members also attend meetings in their home districts of carrier accounting organizations and committees and participate in discussions of accounting and reporting

matters with the object of bringing about a better understanding of and compliance with our regulations. Staff members attended 10 such meetings during the year.

MOTOR CARRIER REPORTS

Examination of the quarterly and annual reports filed by class I motor carriers is performed at the central office of the Bureau of Accounts, Cost Finding and Valuation. These reports contain financial statements and related information, operating statistics, and other data and material of a varied nature. The purpose of this work is to detect and obtain correction of consequential errors, omissions, and deficiencies in the reports. Information as to the number of such reports received and the number examined during the year follows:

Kind of report	Received	Examined
Quarterly reports, passenger carriers.....	915	865
Quarterly reports, property carriers.....	12, 028	11, 514
Annual reports, passenger and property carriers.....	3, 730	1, 521

Further examinations of rail, motor, and other periodic and annual reports are made in conjunction with the compilation work performed by our Bureau of Transport Economics and Statistics. Defects in the reports are corrected through correspondence.

In previous reports we have referred to the fact that the quarterly and annual reports of certain motor carriers are of limited value because they present an incomplete picture of costs, earnings, and other aspects of their transportation activities. This results from multiple corporate arrangements whereby certain earnings of the carrier operations are siphoned off into noncarrier corporations. Frequently the equipment used by the carrier is owned separately by corporations which are not carriers (but under common control) and leased to the carrier. Other phases of the operation, such as repair and maintenance of equipment, ownership of terminal facilities, et cetera, may also be one or more steps removed from the corporate structure which holds the certificate as a carrier, and consequently the reports required to be filed by the carrier presently do not reflect the true costs of rendering transportation service. There is reason to believe that some of the rentals paid are excessive and that there are other business practices followed which result in distortion of the carrier's presently reported costs.

While we recognize that there may be many sound business reasons for multiple corporate operations, some of which would not be of direct concern to us, we are, nevertheless, considering certain proposals

designed to reflect in carrier reports to the Commission the true cost picture based on all such related and affiliated operations. A decision as to a definite course of action is expected in the near future.

ECONOMICS AND STATISTICS

STATISTICS

The reports filed pursuant to our accounting and statistical requirements provide the basis for accurate and comprehensive statistics and economic analyses required for our ratemaking, financial and other regulatory work, and for release of data to the public concerning earnings, economic and financial condition, and operations of the carriers. The reporting requirements and report forms are amended, revised, and extended as necessary to provide additional or more comprehensive information, or to eliminate data no longer required.

During the year ended June 30, 1955, the various classes of carriers filed 60,763 reports, of which 19,640 were annual reports, 15,491 quarterly reports, 17,457 monthly reports, and 8,175 railroad accident reports. In addition, railroads filed 32,207 supplemental reports covering individual railroad train and train-service accidents. The workload as measured by the number of reports received and processed has varied only slightly for a number of years.

Conditions are steadily improving in the processing of annual reports and publication of statistics based on them. The improvements are being achieved through reorganization of the work and by mechanization. Railroad statistics compiled for 1952 were issued in July 1955, or 28 months after the reports were filed. As a result of improved methods of processing the reports and preparing publications, the lag between the date the 1953 reports were filed and the date the statistics were published was decreased to 23 months and for 1954 to about 12 months. A large proportion of the 1955 publication was sent to the printer in July, only 4 months after receipt of the reports. Completed railroad statistics are expected to be released to the public before the end of December, or less than 9 months after the reports were filed. Equal or better improvement has been made with respect to the publication of annual statistics for other classes of carriers, except class I motor carriers. A system of mechanization is being established for the motor carrier phase of the work, and it should be on a current basis during 1957.

In addition, personnel of the Bureau of Transport Economics and Statistics and the railroads are jointly participating in discussions which may lead to mechanical preparation of reports by the railroads on a voluntary basis for submission to us, in place of the present manual process. If these discussions are successful, considerable

savings should result to the carriers, as well as to us. Under this system, the carriers would voluntarily furnish tabulations and tabulating cards, in lieu of written reports. It is contemplated that the initial phases of this program, if successful, can be placed into operation during 1957, but adoption of the entire program probably would require from 3 to 5 years.

In previous reports we have referred to our proposal to collect annual reports of truckload tonnage and revenues by commodity groups and classes from intercity motor carriers. An order was issued December 9, 1955, requiring that such reports be filed beginning with the year 1956. A number of petitions protesting the reporting requirements were filed by carriers and carrier organizations and were assigned for oral argument on October 2, 1956. Final disposition has not been made of this matter, but the order remains outstanding.

Since 1947 we have participated in the Plant and Equipment Expenditures Survey conducted by the Securities and Exchange Commission and the Office of Business Economics, Department of Commerce, by collecting actual and estimated capital expenditures data from class I railroads on a current basis. At the request of the Bureau of the Budget, we began collecting similar data from oil pipelines, water carriers, and motor carriers of property and passengers. This program will provide the Council of Economic Advisers and the Office of Business Economics with data needed for national economic planning and forecasting.

Approximately half of the work required for mechanically developing short-line mileages, referred to in previous reports, has been completed. These mileages are required in connection with our waybill analyses. This work has proceeded more slowly than was contemplated initially because of other necessary work, but we expect that the program will be completed within 18 months and will save approximately 60 percent a year of the previous cost.

ECONOMICS

Special economic and statistical analyses needed in our regulatory work were developed in the year, and we were assisted in a number of rate cases by such analyses. Also, various economic reports were prepared for Congress, other Government departments, and the industry.

Formal economic studies and analyses are essential to obtain information and ideas needed in the consideration of transportation problems. A list of the studies and reports which were prepared by the Bureau of Transport Economics and Statistics and issued during the year follows:

Title

5521.....	Rail-Highway Grade-Crossing Accidents, 1935-1954
561.....	Selected Elements of Value of Property Used in Common Carrier Service, Before and After Recorded Depreciation and Amortization, Class I Line-Haul Railways, Including Their Lessors and Proprietary Companies, January 1, 1955
565.....	Railroad Petroleum Traffic, 1938, 1950, 1953
567.....	Interagency Rate Adjustments—Rail and Motor
568.....	Intercity Ton-Miles, 1939-1954
5614.....	Survey of Class I Motor Carriers of Property, 1939-1954

VALUATION OF CARRIER PROPERTY

Valuation work followed the same general pattern as it did last year. It consisted of (1) keeping physical inventories and data on original cost up to date for railroad and pipeline properties; (2) ascertaining current unit prices for purposes of compiling reproduction costs of such properties; (3) determining percentage of depreciation in the property from the standpoint of valuation; (4) collecting data for adjustment of inventories of land and reflection of changes in total values; (5) inspecting underlying details and records of structural changes, additions, betterments, improvements, and retirements of property; and (6) checking and processing data for pipeline carriers in response to valuation orders for use in our reports covering valuation of such carriers.

The valuation assignable to transportation property naturally changes continually as the result of purchases of new equipment and land, construction of facilities, additions and improvements to existing facilities, and retirements. Fluctuation in the level of prices from time to time has a material effect on our reproduction cost figures. Continuous processing of engineering, land, accounting and other data is necessary in keeping valuation of carrier property accurate and current.

Valuation of properties of pipeline companies and preparation of reports on such companies continued to be an important part of our work. During the year we approved 71 reports showing valuation of pipeline companies. These reports are available for use in our rate-making and other regulatory work and are available to the Department of Justice in connection with enforcement provisions of the consent decree issued by the United States District Court in the case of *United States v. The Atlantic Refining Company et al.* This decree placed restrictions on payment of dividends and use of earnings by pipeline companies.

During the year, our field staff examined the records and inspected properties of 57 class I railroads, 67 smaller railroads, and 33 pipeline companies with the objective of detecting errors in their reports of

property changes involving new construction, extensions of track, improvements, and abandonments of property. Steps were taken to rectify errors disclosed and to bring about correct procedures for reporting changes in the future. Our Washington staff processed the material in the carriers' reports of property changes for inclusion in current valuation figures. The field work and the processing in Washington, including the engineering and land valuation work, involved records of property changes aggregating 430,000 mile-years (320,000 mile-years for railroads and 110,000 for pipelines). A mile-year represents property changes on 1 mile of property during a 12-month period.

Data prepared by our valuation staff show that the aggregate original cost of transportation property and working capital, not including land, of 168 class I line-haul railroads and switching and terminal companies to be approximately \$31 billion at present; cost of reproduction new \$59 billion and, after computing allowance for depreciation, \$38 billion; and present value of land \$2 billion. Indexes showing current prices in several categories of construction work are used in our valuation procedures for both railroads and pipelines and are prepared and released to interested parties.

The valuation data accumulated and assembled are used in our ratemaking and other regulatory work. Valuation and engineering data are used in connection with our depreciation accounting work. In addition, the valuation data and underlying engineering details contained in our records are made available upon request to various Federal and State agencies for use in their work involving construction, purchase and sale of facilities, tax assessments, defense planning, and for other purposes.

ENFORCEMENT AND COMPLIANCE

In carrying forward our regulatory duties under the various acts we administer, our primary objective is to obtain compliance on a voluntary basis. Much of our staff work in Washington, as well as a major part of the field work, is concerned with this objective. When voluntary compliance cannot be achieved, however, the only alternative is vigorous and effective enforcement through actions in court and otherwise.

We have added 10 attorneys in our Bureau of Inquiry and Compliance, where activities related to matters which may lead to court action are largely centered. Thus we will be able to take appropriate action against the persistent violator whose coverup methods are more difficult to establish. This Bureau also is engaged in other activities, including the presentation of evidence in proceedings before us. Its work is handled in two sections: The Section of Rail, Water

Carrier and Forwarder Enforcement, charged with enforcement activities under parts I, III, and IV of the act, and the Section of Motor Carrier Enforcement, charged with enforcement activities under part II. The Bureau has a field staff of attorneys and special agents at key cities throughout the country.

RAIL, WATER, AND FREIGHT FORWARDER

Special agents investigate practices in transportation and complaints with a view to determining whether violations of the statutes or regulations thereunder have occurred in connection with transportation via railroads, water carriers, and freight forwarders, or by shippers utilizing such facilities and services. (See Legislative Recommendations Nos. 17 and 22, pp. 169, 172.) Reports on these investigations are reviewed and recommendations made. When we approve prosecution or other court action, the cases are prepared for submission to the United States attorneys having jurisdiction. Where necessary or desirable, our attorneys and special agents assist in the presentation of the evidence to grand juries, and to the courts, and otherwise assist the United States attorneys in the handling and disposition of the cases.

During the year, 109 investigations of alleged statutory offenses were concluded. In addition, numerous other matters required the attention of our special agents. These investigations disclosed varied offenses by both carriers and shippers or their employees. Included were violations of our regulations governing the transportation of explosives and other dangerous articles, falsification of records, violations of service orders, and granting and receiving unlawful concessions.

Five cases were concluded for violations of our regulations governing transportation of explosives and other dangerous articles. The Denver and Rio Grande Western Railroad Company, upon a plea of guilty to an information in 3 counts, was fined \$300 in the District of Colorado. The Louisiana and Arkansas Railway Company entered a plea of guilty to 10 counts of an 18-count information in the Eastern District of Louisiana, and was fined \$7,500. The remaining counts were dismissed. The court imposed a fine of \$250 against the Missouri Pacific Railroad Company, in the Eastern District of Missouri, upon a plea of guilty to an information in one count. The Union Pacific Railroad Co., upon a plea of guilty to an information in 2 counts, was fined \$150 in the District of Idaho. The court imposed a fine of \$300 against the New York, Chicago & St. Louis Railroad Co., in the Western District of New York, upon a plea of guilty to an information in one count. One proceeding is pending in the Northern District of New York.

Two cases were concluded which charged violations of section 1 of the Elkins act by a shipper through use of the device of filing false loss and damage claims for alleged breakage in carload shipments of clay pipe, et cetera. These claims were supported by fictitious invoices intended to substantiate excessive prices for the broken material. The Progressive Clay Co. entered a plea of *nolo contendere* in the Eastern District of Pennsylvania to an information in 8 counts and was fined \$12,000. In the companion case against this company, a plea of guilty to a 7-count information in the District of Maryland resulted in a fine of \$10,500.

Other cases concluded which charged shippers with receiving unlawful concessions were filed against J. Behr & Sons Corp., in the Northern District of Illinois, in an information in 6 counts, which resulted in a fine of \$12,000 upon a plea of *nolo contendere*, and against Sonken-Galamba Corp. in the Western District of Missouri. A plea of *nolo contendere* was entered to a 5 count information and a fine of \$5,000 resulted.

Several cases are pending in court which also involve the granting and receiving of unlawful concessions. After extensive investigations into the practices of the Southern Railway Company and a subsidiary in promoting and effecting the construction of produce terminals in several cities, an information in 30 counts was filed against the railroad in the Western District of Kentucky. A companion case, in the same district, was filed against the Louisville Produce Assn., Inc., which contained 20 counts charging defendant with accepting unlawful concessions. The result of these cases will be of considerable interest to the produce industry, the public, and the railroads.

An agent for a shippers' association is charged in the District of Maryland in an information in 8 counts with accepting concessions by the device of preparing bills of lading for trailer-load shipments from which billing of certain articles was omitted entirely and on which weights of higher rated commodities were understated and weights of lower rated commodities were overstated. A railroad is charged in the Northern District of Mississippi with granting unlawful concessions and a warehouse company with accepting concessions through failure to collect and pay lawful demurrage charges. In the Northern District of Alabama there is pending against a railroad an information in 6 counts alleging that the carrier failed to follow shippers' routing instructions, issue a bill of lading, and failed to observe its tariffs.

Our Service Order No. 904, prescribed during an acute shortage of equipment, required that certain railroads deliver a daily quota of empty serviceable boxcars to other lines. Four civil actions for

violations of this order were concluded in the Northern District of Illinois by entry of judgments in favor of the Government against the Baltimore & Ohio Railroad Company, New York Central Railroad Company, New York, Chicago & St. Louis Railroad Company, and Pennsylvania Railroad Company. Each was fined \$2,500. Another civil action was concluded in the Northern District of Texas, in which the Chicago, Rock Island & Pacific Railroad Co. was fined \$2,500. Complaints charging similar offenses are pending against a railroad in the same district and against another rail carrier in the Northern District of Texas.

In summary, of the 17 informations and complaints filed for the various violations, 14 cases were concluded, and fines and penalties amounting to \$60,500 were imposed.

Disposition of informations and complaints filed in the United States District Courts, and cases pending in those courts on October 31, 1956, are summarized in appendix E.

Court proceedings involving violations by railroads of the Safety Appliance Acts, 45 U. S. C. 1-16, Hours of Service Law, 45 U. S. C. 61-64, the Accident Reports Act, 45 U. S. C. 22-34 and the Locomotive Inspection Act, 45 U. S. C. Ch. 1, were handled by the Bureau of Safety and Service. The following summary shows the number of cases concluded and fines imposed under the respective statutes in the year ended June 30, 1956. (See Legislative Recommendation No. 22, p. 172.)

Act	Cases concluded	Fines imposed
Safety Appliance.....	169	\$62,600
Hours of Service.....	10	2,500
Accident Reports.....	4	1,500
Locomotive Inspection.....	1	5,100

Attorneys of the Bureau of Inquiry and Compliance also are assigned to participate as counsel in the preparation and presentation of evidence and exhibits in formal-docket cases. Where necessary, our special agents are called upon to conduct field investigations before hearings to develop evidence relating to the issues. During the year these attorneys represented us in the following formal-docket cases: No. 31977, *Investigation of Control, Central of Georgia Ry. by St. Louis-San Francisco Ry. Co.*; No. 31902, *Practices of Southern Railway Co. and Others in Promoting Construction of Produce Terminals in Various Southern Cities*; and Finance Docket No. 19362, *Interlocking Directorate Application of David Finkle*.

MOTOR CARRIERS AND BROKERS

Duties relating to enforcement of the provisions of part II and related statutes are performed under procedures which generally parallel those described above, except for the investigations and recommendations of the field staff of the Bureau of Motor Carriers, explained hereinafter.

During the year, 26 cases were concluded in various district courts involving violations of the regulations governing transportation of explosives and other dangerous articles. The fines imposed on the defendant motor carriers and shippers ranged from \$50 to \$2,000. (See Legislative Recommendation No. 20, p. 171.)

Many other types of violations, including violations of the motor carrier safety regulations, granting or accepting concessions, violation of operating authorities, and unlawful extension of credit, were involved in cases taken to the courts. (See Legislative Recommendation No. 22, p. 172.) Of particular interest are the cases in which the fines or penalties amounted to \$2,000 or more.

In the Eastern District of Missouri, Missouri-Illinois-Kansas Express, Inc., entered a plea of guilty to 20 counts of operating without a permit, and a fine of \$2,000 was imposed. Paul Bramel entered a plea of guilty to 20 counts charging unlawful operations and safety violations in the Southern District of Texas and was fined \$2,000. The court imposed a fine of \$5,000 against the American Motorways, Inc., in the Western District of New York, upon a plea of guilty to a 50 count information charging violations of operating authority. Stevens Truck Lines, Inc., in the Western District of New York, was fined \$4,000 upon a plea of guilty to 40 counts of operating without authority. In the Northern District of Illinois, HIS Motor Service, Inc., was fined \$2,000 on a plea of guilty to 20 counts for similar violations. Arbet Truck Lines, Inc., in the Northern District of Illinois, entered a plea of *nolo contendere* to an information in 30 counts and was fined \$2,500 for similar violations. In the Western District of Virginia, Stanford C. Good entered a plea of guilty to 20 counts for violating its operating authority and other regulations and was fined \$2,000. Penn Farms, Inc., in the Eastern District of Pennsylvania, was fined \$3,000 on a plea of *nolo contendere* to an information in 30 counts charging similar violations of operating authority. In the Southern District of Ohio, Ohio Valley Motor Freight entered a plea of guilty to an information in 30 counts charging violations of operating authority and safety violations and was fined \$2,250. The codefendant, Merchants Delivery, Inc., was fined \$750 upon a plea

of guilty to 10 counts for aiding and abetting the unauthorized operations.

The following carriers were defendants in court proceedings which charged violations of the motor carrier safety regulations and involved fines of \$2,000 or more. Daniels Motor Freight, Inc., Northern District of Ohio, upon a plea of guilty to an information in 50 counts was fined \$3,350. In the Southern District of Ohio, Stillpass Transit Co., Inc., entered a plea of guilty to an information in 30 counts and was fined \$2,500. Muskin Trucking Co., in the Northern District of Ohio, was fined \$2,000 upon a plea of guilty to an information in 40 counts. The court imposed a fine of \$2,000 against the Industrial Cartage Co. in the Northern District of Ohio upon a plea of guilty to a 40 count information. National Trucking and Storage Co., Inc., in the Eastern District of Pennsylvania, was required in a civil action to pay a forfeiture of \$2,000 for similar violations.

The Benjamin Motor Express, Inc., entered a plea of guilty to an information in 60 counts charging it with granting rebates and concessions and with extending excessive credit to shippers. A fine of \$7,000 was imposed in the District of Massachusetts. The Clark Wire and Supply Corp., a shipper, was fined \$2,500 in the Southern District of Texas. The defendant pleaded guilty to an information in 16 counts which charged it with soliciting and accepting rate concessions, and with fraudulently seeking to defeat regulation by means of false bills of lading.

For violations of the Commission's credit regulations, Clarence H. Hooker, in the Northern District of Ohio, was fined \$2,250 upon a plea of guilty to an information in 30 counts. The shipper, The Stillwater Clay Products Co., a codefendant, entered a plea of guilty to 20 counts for aiding and abetting the violations and was fined \$1,500.

The following is a summary of investigations and litigation handled by this section during the year:

Investigations with the view to enforcement action

Pending November 1, 1955.....	393
Added November 1, 1955, to October 31, 1956.....	480
Total requiring attention.....	873
Closed.....	471
Pending October 31, 1956.....	402
Total.....	873

Court cases	Civil	Criminal	Total
Awaiting institution Nov. 1, 1955.....	9	67	76
Pending in court Nov. 1, 1955.....	23	97	120
Total cases then on hand.....	32	164	196
Cases authorized, Nov. 1, 1955, to October 31, 1956.....	44	315	359
Total cases requiring attention.....	76	479	555
Cases concluded Nov. 1, 1955, to October 31, 1956.....	35	314	349
Cases abandoned during year.....	0	14	14
Total cases disposed of.....	35	328	363
Awaiting institution October 31, 1956.....	12	71	83
Pending in court October 31, 1956.....	29	80	109
Total cases on hand October 31, 1956.....	41	151	192

Of the 314 criminal cases concluded 296 resulted in imposition of fines totaling \$181,366.94, and 4 resulted in acquittal. United States attorneys moved the dismissal of 14 for various reasons. Of the 35 civil cases concluded, 19 involved forfeiture proceedings, with forfeitures imposed amounting to \$12,942.36. The remaining civil cases were actions brought to enjoin violations. Appropriate decrees were entered against the defendant in 12 cases and for the defendant in 1 case. Three cases were dismissed at our request. Fines and forfeitures imposed totaled \$194,309.30, of which \$174,572.30 was required to be paid.

The following classification is by types of offenses charged in court proceedings concluded November 1, 1955, to October 31, 1956. Each unit represents one violation or more charged in a proceeding against a defendant or joint defendants, including aiders or abettors:

Qualification of drivers:

Using unqualified drivers.....	3
No doctors' certificates for drivers.....	60
Total.....	63

Drivers' logs:

Failure to require drivers to keep logs.....	42
Failure to require drivers to keep proper logs.....	26
Drivers failing to keep logs.....	8
Drivers falsifying logs.....	15
Aiding and abetting drivers to falsify logs.....	2
Failing to retain drivers' logs.....	3
Drivers failing to keep proper logs.....	30
Total.....	126

Hours of service:

Permitting excess driving hours.....	23
Permitting excess on-duty hours.....	11
Failing to file (or filing false) hours-of-service reports.....	16
Total.....	50

Vehicles:

Failing properly to equip vehicles.....	22
Failing to require drivers to report defects in vehicles.....	13
Failing to maintain inspection records for vehicles.....	14
Failing properly to identify vehicles.....	12
Total.....	61

Failing to file (or filing false) accident reports.....	10
Violating the explosives regulations.....	29
Operating without insurance on file.....	4

Rates and charges:

Granting or accepting rebates or concessions.....	6
Failing to observe lawful rates.....	4
Operating without rates on file.....	2
Total.....	12

Unlawful extension of credit.....	4
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Freight bills and bills of lading:

Seeking to evade regulation by use of false invoices or freight bills...	8
Failing to issue (or preserve) freight bills, bills of lading, or receipts...	5
Failing to show required information on freight bills or bills of lading...	3
Total.....	16

Operating authorities:

Operating without authority.....	156
Operating without broker's license.....	8
Using services of an unauthorized carrier.....	6
Total.....	170

Lease and interchange:

Seeking to evade regulation by use of false or fictitious leases.....	6
Violation of the lease and interchange regulations.....	2
Failing to inspect leased vehicles.....	2
Total.....	10

Failing to file accounting reports.....	12
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Participation of the section in administrative proceedings is shown below:

Pending November 1, 1955.....	91
Added November 1, 1955, to October 31, 1956.....	41
Total requiring attention.....	132
Closed.....	45
Pending October 31, 1956.....	87
Total.....	132

This participation was for the purpose of presenting evidence and developing the issues with respect to such matters as fitness of applicants to obtain new operating authority or to acquire such authority from others; complaints alleging operations or practices in violation of the act; investigations to determine the necessity for new rules and regulations or for changes in or additions to existing ones; investigations as to the existence of unlawful control of carriers; and matters relating to revocation of certificates or permits.

Attorneys of this section also prepare opinions on questions arising under part II. During the year, the section handled 519 written requests for advice and opinions relating to legal questions, both from within the Commission and from the public. These requests had to do with interpretations, possible redress in informal complaints, proper compliance with regulatory requirements, necessity for operating authority, et cetera. In addition, considerable work was done in reviewing regulations and general orders, prior to their release, for compliance with statutory provisions.

Passengers, motor carriers, shippers or receivers of property and others filed 12,262 complaints alleging improper or unlawful practices which required handling by the Field Section of the Bureau of Motor Carriers. Of these complaints, 3,530 required a field investigation. Corrective action was taken on an informal basis in 3,066 cases and 464 involved violations that required formal actions through the Bureau of Inquiry and Compliance. The remainder of the 12,262 complaints were disposed of informally by correspondence or telephone.

MOBILIZATION PLANNING FOR DEFENSE

Current planning for wartime or other emergency mobilization of the Nation's domestic transportation facilities contemplates a minimum of Government intervention and control. Principal emphasis in an emergency would be placed upon voluntary cooperation of the carriers to provide transportation as needed. Certain measures

probably would have to be taken immediately to guarantee the necessary priority handling of essential traffic, but major reliance would be placed on carrier cooperation.

The Transport Mobilization Staff, under the Commissioner in administrative charge of the Bureau of Safety and Service, made substantial progress during the year in developing plans which fall generally into two categories. One includes those plans which could be put into effect immediately after declaration of an emergency. The other includes plans of a standby nature which could be invoked thereafter as need for them might arise. All of this planning was concerned with utilization of port and storage facilities, as well as domestic transport facilities in the event of war or a national emergency requiring full mobilization. It is carried on pursuant to delegations of authority under the Defense Production Act of 1950, as amended, and defense mobilization responsibilities as assigned by the Director of the Office of Defense Mobilization.

The tax amortization expansion goals for domestic transport, storage and port equipment and facilities established by the Director of ODM under authority of section 168 of the Internal Revenue Code have been closed. Except for post-certification actions, the Commission has substantially completed the processing of applications under these goals. The delegate agency responsibility is retained by the Commission and at the request of ODM two surveys in specific transport areas are being made by the Transport Mobilization Staff to ascertain the defense need for tax amortization in these areas. In the absence of approved expansion goals, processing is restricted to those applications for certificates which cover restoration of productive capacity damaged or destroyed by a major disaster.

As one of the agencies of government having major mobilization responsibilities, we have established a unit of the National Defense Executive Reserve under the national program for readiness for any future mobilization. Creation of such a reserve was authorized by 1955 amendments to the Defense Production Act of 1950, and placed under the direction of the Director of ODM. Our program is under the supervision of the Chief of Mobilization Planning, who also serves as a member of the ODM Inter-agency Advisory Committee on the National Defense Executive Reserve.

At the invitation of the Director of ODM, we designated a member of this staff to serve on the Facilities Protection Board reestablished by ODM. The Board assists and advises the Director of ODM in carrying out the functions vested in him by Executive Orders 10421 and 10438 providing for physical security of facilities important to national defense.

The Defense Production Act of 1950, as amended, under which the delegations and assignments were made, was extended by Congress to June 30, 1958. Funds for these activities during the fiscal year 1957 were included in our appropriation.

MANAGEMENT ACTIVITIES

Reorganization generally along the lines proposed by the Wolf Management Engineering Company in 1952 has been substantially completed. (See Legislative Recommendation No. 24, p. 174.) As noted in previous reports, we have reduced the number of bureaus from 15 to 9, and the number of our divisions from 5 to 4. Although we achieved significant organization changes during the year, greater emphasis was placed on management improvements. Among other things, we made important advances in personnel administration.

ORGANIZATION CHANGES

The principal reorganization during the year involved establishment of the Section of Operating Rights, effective April 23, 1956, through consolidation of the Section of Complaints and the Section of Certificates, Bureau of Motor Carriers. The processing of all applications for approval of purchases, mergers, control, and transfers of certificates and permits, and all applications for new and extended operating rights is performed by the section in coordinated handling. The enlarged staff of the new section has permitted reassignment of work from employees in one unit to those in another to eliminate or prevent backlogs.

Consequently, the consolidation is providing the parties to our proceedings, the public, and the transportation industry with a better balanced and quicker service in the disposition of motor-carrier matters. Contemporaneously, docket work formerly performed in the Section of Certificates was transferred to the Section of Dockets, Office of the Secretary. A byproduct of that consolidation is added convenience to the public, with all active Commission dockets available at one location. The chainindex records, and the function of serving certain motor carriers orders and certificates also were transferred to the Section of Dockets. Both moves were designed to provide better service and greater centralization of functions.

Organization of our field activities into 14 regions, referred to in our last report, with a further reduction to 13, has led to substantial management benefits, particularly in the fields of personnel adminis-

tration and utilization of space, equipment, and supplies. Effective July 2, 1956, the San Francisco, Calif., and Portland, Oreg., field offices of the Bureau of Water Carriers and Freight Forwarders were merged into a single office at Portland.

PERSONNEL ADMINISTRATION

We have made much progress in employment planning, recruiting, training, and employee relations. Emphasis has been placed on an aggressive program for recruiting the best qualified employees possible. In this connection, we have used press releases nationally in recruiting accountants and tariff examiners, our field personnel have worked more actively to help find qualified employees, and we have made more extensive use of the U. S. Employment Service and contacts with leading colleges and universities, particularly in our search for young law graduates. Much of this effort has been directed toward more effectively replacing personnel eligible for retirement. In addition, we have initiated training programs in supervision, orientation of new employees, and other subjects.

MANAGEMENT IMPROVEMENTS

Greater attention was devoted to mechanizing operations so as to obtain needed information more readily or added production at a lower cost. Use of tabulating equipment for compiling motor carrier accident statistics was increased and mechanical tabulation of personnel, payroll and other information was begun. A system for mechanically recording and tabulating the status of pending cases for control and workload evaluation is under development. In order to speed production and service of reports and orders, we have installed additional automatic equipment. Duplicating operations also were improved and costs were cut by new work control systems and equipment.

In the field of records disposition, 14,782 cubic feet of obsolete records were destroyed and 20,028 cubic feet of semiactive records were transferred to Federal Record Centers of the General Services Administration. These steps, taken on a substantially greater scale than in previous years, save an estimated \$96,337 in replacement value of equipment and value of space. To the extent that equipment made available through this program was used in lieu of additional purchases, the dollar savings accrue to us, while dollar savings in space accrue to GSA. For example, releases of

space permitted GSA to house the National Association of Railroad and Utilities Commissioners in this building for the first time. Removal of records also provides better working conditions for employees, who in many cases have inadequate working space.

Four field installations were surveyed at our request by GSA. The resulting recommendations have been implemented in the field in part, and central coordination of them is in process.

A Statistics Branch was established in the Section of Motor Carrier Safety to develop accident data more efficiently. We also simplified procedures, improved administrative techniques, and streamlined paperwork to achieve maximum personnel utilization, and assigned additional personnel to produce needed additional data and to process the increased volume of work generated by the larger field staff.

We installed a machine system for conducting an annual audit of leave to determine comparative rates for different units and to ascertain whether leave abuses occur. Copies of the summaries are made available to supervisors for evaluating the leave taken by individual employees in relation to the group. The audit has disclosed a 2.5-percent reduction in use of sick leave in 1955 as compared with 1954. It also shows that 300 employees used no sick leave in 1955, and that 487 employees voluntarily forfeited 14,662 hours of annual leave.

APPROPRIATIONS AND EMPLOYMENT

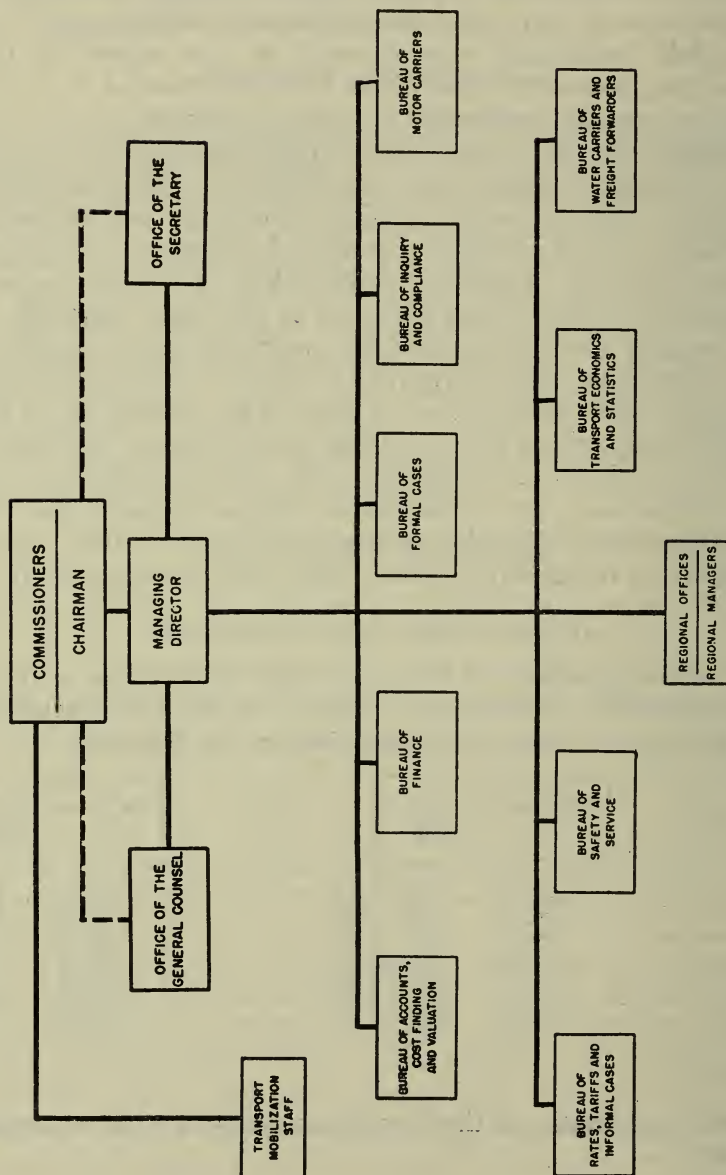
The following statement shows average employment and total appropriations for the fiscal years 1940 to 1957 for activities included under the current appropriation title Salaries and Expenses:

Year	Appropriation	Average employment	Year	Appropriation	Average employment
1940 -----	\$8,943,000	2,649.3	1949 -----	11,300,317	2,217.8
1941 -----	9,077,960	2,734.9	1950 -----	11,416,700	2,161.0
1942 -----	9,212,750	2,658.6	1951 -----	11,403,200	2,072.3
1943 -----	9,336,377	2,359.4	1952 -----	11,264,035	1,889.5
1944 -----	8,873,900	2,076.0	1953 -----	11,003,500	1,849.4
1945 -----	8,833,700	1,957.5	1954 -----	11,234,000	1,837.9
1946 -----	8,733,738	2,053.3	1955 -----	11,679,655	1,859.1
1947 -----	10,496,200	2,240.4	1956 -----	12,896,000	1,902.2
1948 -----	10,713,000	2,247.7	1957 -----	14,879,696	1,214.2

Estimated.

Current organization of the Commission is shown in the accompanying chart.

INTERSTATE COMMERCE COMMISSION



PREPARED BY OFFICE OF THE MANAGING DIRECTOR
SEPTEMBER 1956

PRACTICE AND PROCEDURE

Several important practices were instituted during the year to reduce the total time required for processing applications for operating authorities to final decisions. One of the most important is the new, abbreviated type of final report in motor-carrier proceedings which adopts, where possible, the hearing officer's statement of facts and deals principally with the exceptions and the conclusions reached. Use of this type of report has resulted in elimination of much of the backlog of formal cases pending decision, and has met with the approval of the parties to our proceedings and of the transportation industry in general.

Motor finance cases formerly were handled through use of a proposed report of an examiner. This method required a formal report by division 4, regardless of whether exceptions were filed. The use of proposed reports was discontinued in March 1956, and the recommended report and order procedure was adopted as to all motor finance cases. As a result, most of the cases handled without an oral hearing, as well as a number of those formally heard and opposed, have been disposed of promptly when recommended orders to which no exceptions were filed were permitted to become effective as our orders. Orders thus becoming effective constitute 50 percent of all finance cases handled under this procedure. This change has resulted in more expeditious overall handling of finance cases.

Unprotested applications for operating authority have been handled effectively without an oral hearing. On October 1, a new procedure was made effective whereby hearing dates for other motor-carrier applications are made known by publication in the Federal Register along with the applications. Interested parties thus are given notice of the issues and the time and place of the hearing. Protests are not required to be filed, but any person who desires to intervene at the hearing must so notify us and the applicant 10 days prior to the hearing date. This procedure should result in a substantial reduction in the time between filing of the application and assignment of the hearing. It also continues the handling of applications without oral hearing, and the time of processing such applications also should be reduced materially.

All of these procedures are designed to enable us to consider and dispose of motor-carrier matters expeditiously and at the least possible expense and inconvenience to us and to the parties. For the purpose of achieving the same results, we are continually searching for new practices and procedures, with emphasis on simplification of application forms and speed in reaching final decisions. In the latter connection, time for filing petitions for reconsideration or rehearing after

a final decision was reduced from 60 to 30 days effective June 21, 1956, in all motor-carrier proceedings.

In addition, we made continued progress in the use of the modified procedure method for handling the large volume of motor carrier rate proceedings and thereby simplified and expedited the processing of such cases. Indications are, however, that we probably have reached a peak in the percentage of motor carrier investigation and suspension proceedings adapted to modified procedure. As noted in the chapter, *Rate Proceedings and Other Rate Activities*, the number of such proceedings assigned for handling by modified procedure has increased from 50 percent in 1953 to approximately 90 percent in the current year.

We also amended rules 15, 21 (b), 22 (a), 22 (b), 23 (c), 101 (e), and 101 (f) of our General Rules of Practice. A great many other modifications, dictated by experience and changing conditions, have been made in the general rules, since they were published in pamphlet form in 1942. Some of these amendments were proposed by practitioners, some were suggested by individual Commissioners and others were the results of recommendations made by our staff personnel. Therefore, a pamphlet containing the present rules, with all changes since 1942 incorporated in the new publication, will be issued in the near future.

Amendments also were made in some of the special rules, the most significant of which pertains to publication of hearing dates in the Federal Register, as discussed above.

We noted in our last report that one of the proposals before us contemplated a complete revision of the rules, together with certain changes in our organization and assignments of work. This proposal was docketed as Ex Parte No. 195, *Revised Rules of Procedure Before the Commission*. The date by which interested parties may file written statements was extended by our order of December 28, 1955, until further order, and the matter is pending.

ADMISSIONS TO PRACTICE

During the year, 1,248 applicants were admitted to practice. Of this number, 514 or 41.2 percent, were members of the bar of the highest court of their respective States. The remaining 734, or 58.8 percent, were nonlawyers who were admitted upon successful completion of the written examination which we conduct twice a year.

Of the 1,194 nonlawyers who took the written examination during the year, 731, or 61.2 percent, passed. The number who took the examination in the preceding year was 1,129. The 61.2 percent who were successful on the examination compares with 57.8 percent who were successful in 1955.

A total of 25,920 have been admitted to practice since our bar was established on September 1, 1929. Of these, 16,730, or 66.6 percent, were admitted as attorneys, while 8,676, or 33.4 percent have been admitted as nonlawyers.

LITIGATION AND ADJUDICATION

We anticipate that certain court decisions during the year, on appeals from our orders, will have a long-range effect upon the Nation's public transportation system which would be contrary to the public interest. We refer particularly to decisions relating to the scope of the exemption from motor-carrier regulation for agricultural commodities and the distinction between contract and common carriers by motor vehicle.

Most of our orders are subject to judicial review. Although only a small percentage are challenged in the courts, such litigation often results in decisions interpreting in significant respects the statutes we administer. When such a decision, in our judgment, will have an adverse effect upon the public interest, we recommend corrective legislation. We have done so in connection with the matters discussed above and certain other questions in the final chapter of this report.

Our staff of 10 attorneys in the Office of the General Counsel was concerned during the year with the disposition of 52 cases in various Federal courts.

During the year, 64 cases involving our orders or requirements were instituted in the courts, while 57 had been pending on October 31, 1955. Of the total, 52 were concluded, leaving 69 cases now pending. Eleven of the pending cases are in the Supreme Court of the United States, 1 in a court of appeals, and 57 in the district courts of the United States.

Cases submitted to and decided by the Supreme Court numbered 18, while 2 were concluded in the courts of appeals and 32 in the district courts.

Summaries of these cases are shown in appendix B, while some of the more important court decisions are discussed below:

THE AGRICULTURAL COMMODITY EXEMPTION

The Supreme Court decided 2 cases involving our interpretations of section 203 (b) (6) of the act (49 U. S. C. 303 (b) (6)). In one, the Court, by a 5-4 decision, affirmed a district court decision to the effect that fresh and frozen dressed poultry are exempt "agricultural commodities" within the meaning of that section.¹⁵ The majority held

¹⁵ *East Texas Motor Freight Lines et al. v. Frozen Food Express et al.*, 351 U. S. 49, opinion below 128 F. Supp. 374; (*East Texas Motor Freight Lines, Inc., et al. v. Frozen Food Express*, Docket No. MC-C-1605, 62 M. C. C. 646).

that the exemption continues to apply as long as the "commodity retains a continuing substantial identity" through the processing stage. In the other, the Court held that our determinations in Docket No. MC-C-968, *Determination of Exempted Agricultural Commodities*, are in substance a declaratory order subject to review, and "that the district court should adjudicate the merits," thereby reversing the district court, which had held that they are not reviewable.¹⁶ The district court heard the case on its merits September 13, 1956, but has not yet rendered its decision.

A district court, in a case which also involves our interpretation of this section, held that frozen fruits and vegetables are exempt "agricultural commodities."¹⁷ This decision was appealed by us to the Supreme Court, where it is now pending. (See also Legislative Recommendation No. 5, p. 162.)

DEFINITION OF CONTRACT MOTOR CARRIER

In a case involving the definition of "contract carriage by motor vehicle in section 203 (a) (15) (49 U. S. C. 303 (a) (15)) a Supreme Court majority held, contrary to our view, that active solicitation of business within the bounds of its permit by a contract motor carrier does not support a finding of a holding out to serve the general public, and that, if, as we have construed the section, "specialization" is a requirement under the definition, that requirement is satisfied where the carrier transports only strictly limited types of steel products under individual and continuing contracts with a comparatively small number of shippers throughout a large area.¹⁸ This decision, which curtails our ability to carry out the national transportation policy, indicates a serious need for clarifying legislation. (See Legislative Recommendation No. 6, p. 162.)

THE BULK COMMODITY EXEMPTION

The Supreme Court affirmed a decision by a district court upholding our decision that transportation upon inland waterways of scrap iron does not constitute transportation "in bulk" within the meaning of section 303 (b) (49 U. S. C. 903 (b)), and therefore is not exempt from regulation under part III.¹⁹

¹⁶ *Frozen Food Express et al. v. United States*, 351 U. S. 40, opinion below 128 F. Supp. 374; (*Determination of Exempted Agricultural Commodities*, Docket No. MC-C-968, 52 M. C. C. 511).

¹⁷ *Home Transfer & Storage Co., Inc. v. United States et al.*, 141 F. Supp. 599; (*Home Transfer & Storage Co. Investigation of Operations*, Docket No. MC-C-1562, 63 M. C. C. 785).

¹⁸ *United States et al. v. Contract Carriers, Inc.*, 350 U. S. 409; opinion below 128 F. Supp. 25; (*Motor Ways Tariff Bureau v. Contract Steel Transp. Co.*, Docket No. MC-C-1354, 62 M. C. C. 413).

¹⁹ *V. P. Serodino v. United States et al.*, 350 U. S. 961, rehearing denied, 350 U. S. 1009; opinion below not yet reported; (*Union Barge Line Corp. v. Rose Barge Line, Inc., et al.*, Docket No. 81147, 292 I. C. C. 681).

THROUGH ROUTES AND JOINT RATES

The Supreme Court set aside a decision in which we held the evidence failed to show that refusal of rail carriers to establish through routes and joint rates with certain barge lines for barge-rail transportation of sulphur from Galveston, Tex., to Danville, Ill., while participating in such routes and rates with connecting rail lines in the movement of this traffic, was not shown to be discriminatory under section 3 (4) (49 U. S. C. 3 (4)), and that through routes with the barge lines were not desirable or necessary under section 15 (3) or 307 (d) (49 U. S. C. 15 (3) or 907 (d)).²⁰ The district court had sustained our order, but in reversing it, the Supreme Court stated that the issues involved were closely related to those in the Mechling case,²¹ in that there was in each "an attempt to deprive water transportation of one of its 'inherent advantages' * * * by increasing the cost of barge service," which, in the instant case, results "through the device of a joint rate allowed carriers by rail, but denied carriers by water."

The Supreme Court upheld our order directing the Union Pacific Railroad Company to establish new through routes and joint rates with the Denver & Rio Grande Western Railroad Co. on certain commodities moving through the Ogden, Utah, gateway.²² In doing so, it reversed the District Court of Colorado, which had held that proof of through wartime and emergency shipments pursuant to our service orders and of scattered commercial shipments at combination rates established that through routes were already in existence. The Supreme Court also reversed the District Court of Nebraska, which had set aside our order insofar as it prescribed new through routes and joint rates on shipments of certain commodities except those which utilized transit privileges on points on the Rio Grande. The Supreme Court held that evidence as to shippers' need for reconsignment privileges at points on the Rio Grande at lower joint rates precluded such a narrowing of our order.

DAMAGE TOLERANCES ON SHELL EGGS

The Supreme Court set aside an order in which we approved certain railroad tariffs containing tolerance rules and regulations designed to relieve those carriers from any obligation to pay claims for damage to shell eggs not caused by the carriers.²³ We held that

²⁰ *Dixie Carriers, Inc., et al. v. United States et al.*, 351 U. S. 56; opinion below 129 F. Supp. 28; (*American Barge Line Co., et al. v. C. & E. I. R. R. Co., et al.*, Docket No. 30731, 287 I. C. C. 403).

²¹ *Interstate Commerce Commission v. Mechling*, 330 U. S. 567.

²² *United States v. Union Pacific Railroad Co.*, and *United States v. Denver & Rio Grande Western Railroad Co.*, 351 U. S. 321; opinions below 132 F. Supp. 72 and 131 F. Supp. 372; (*Denver & Rio Grande Western Railroad Co. v. Union Pacific Railroad Co.*, Docket No. 30297, 287 I. C. C. 611).

²³ *Utah Poultry & Farmers Cooperatives v. United States et al.*, 350 U. S. 162; opinion below 119 F. Supp. 846; (*Special Regulations, Eggs*, Docket No. 30030, 284 I. C. C. 377).

the tolerance percentages, found reasonable in our report, did not limit carrier liability in violation of section 20 (11) (49 U. S. C. 20 (11)). The district court upheld our order, with one judge dissenting.

The majority opinion of the Supreme Court, in reversing the decision of the lower court, held that the findings in our report were inadequate.

INTRASTATE RATES

An order entered under section 13 (4) (49 U. S. C. 13 (4)) was upheld by a district court, and its decision was affirmed by the Supreme Court in a *per curiam* decision.²⁴ The district court, in sustaining our order, distinguished the instant case from *Mississippi Public Service Corp. v. United States et al.*²⁵ in which the district court set aside a similar order. In the instant case the district court said:

The case of *Mississippi Public Service Corp. v. United States* 124 F. Supp. 809, upon which plaintiff chiefly relies, was considered and quoted from by the Commission but was distinguished on the ground that in the present case there was substantial evidence to support the finding as to the increased rates producing increased revenue.

In two other cases, district courts have upheld orders under section 13 (4) granting increases in intrastate rail rates.²⁶ In each instance, the court held that our findings were adequate and that there was substantial evidence to support them. An appeal has been taken to the Supreme Court in the *Utah* case. In another case²⁷ the district court held that we had not accorded plaintiff a proper hearing and remanded the proceeding for that purpose. In a case in which our report found that Montana intrastate express rates and charges discriminated against interstate commerce, but in which we had not entered a final order, a district court, in sustaining the administrative action on its merits, held that the action brought by a shipper for review of our report was not premature and that a shipper had standing to attack our preliminary "order."²⁸

A district court set aside an order under section 13 (4) (49 U. S. C. 13 (4)) authorizing a railroad to increase its intrastate passenger fares in the Chicago suburban area.²⁹ In addition to its conclusion

²⁴ *State of South Carolina ex rel. v. United States et al.*, 351 U. S. 944; opinion below 136 F. Supp. 897; (*South Carolina Intrastate Freight Rates and Charges*, Docket No. 31291, 296 I. C. C. 159).

²⁵ *Mississippi Public Service Corp. v. United States et al.*, 349 U. S. 908; opinion below 124 F. Supp. 809.

²⁶ *Public Service Commission of Utah v. United States et al.*, not yet reported; (*Utah Intrastate Freight Rates and Charges*, Docket No. 31484, 297 I. C. C. 105).

State of Alabama v. United States, 141 F. Supp. 488; (*In the Matter of Alabama Intrastate Rates and Charges on Coal, Lumber and Scrap Iron*, Docket No. 31321, 297 I. C. C. 241).

²⁷ *State of Tennessee et al. v. United States et al.*, not yet reported; (*Tennessee Intrastate Freight Rates and Charges*, Docket No. 31307, 294 I. C. C. 633).

²⁸ *Garden City Floral v. United States et al.*; opinion below not yet reported; (*Montana Intrastate Express Rates and Charges*, Docket No. 31585, 298 I. C. C. 127).

²⁹ *State of Illinois et al. v. United States et al.*; opinion below not yet reported; (*Chicago Intrastate Suburban Fares of Milwaukee Railroad*, Docket No. 31742, 297 I. C. C. 353).

that our findings were inadequate, the court annulled our order because of the failure of the railroad to introduce in the State Commission proceeding certain evidence which it subsequently put in evidence in the proceeding before us. We have taken an appeal to the Supreme Court.

JURISDICTION UNDER SECTION 5

In a suit by minority stockholders of a holding company, the district court set aside our orders (1) authorizing the holding company, which claimed to control the principal railroad involved, to acquire control of a subsidiary railroad upon the latter's merger with the principal; (2) finding, upon such acquisition of control, that the holding company should be treated as a "carrier" for the purpose of issuing securities with our authorization, under sections 20 (1) to (10) (49 U. S. C. 20 (1) to (10)); and (3) authorizing the holding company to issue certain securities (preferred stock).³⁰ The court held, among other things, (a) that the holding company was not a necessary party to the control proceeding, (b) that in the absence of a Commission order approving as in the public interest the holding company's control of the principal railroad (which was a "system" embracing several subsidiary lines), we are without jurisdiction to authorize the holding company to issue securities, and (c) that our order authorizing the issuance of securities was invalid. Appeals have been taken to the Supreme Court by us, by the holding company (Alleghany Corporation), and by interested stockholders.

CAR SERVICE

A district court held that a service order prescribing regulations for movement of railroad cars applied to all shippers and is not discriminatory, and that "any adverse effect upon one mode of marketing as against another mode not so affected, even though engaged in business competition, is not an infringement upon a legal right."³¹ The court dismissed the complaint, stating that neither the plaintiffs nor the interveners, who consisted of shippers and shipper associations, had a legal right or interest unjustly affected by the order.

³⁰ *Breswick & Company et al. v. United States et al.*, 134 F. Supp. 132, 138 F. Supp. 123; (*Louisville & J. B. & R. Co. Merger*, 290 I. C. C. 725 and 295 I. C. C. 11, Docket No. F. D. 18656; *Alleghany Corporation Stock*, Docket No. F. D. 18866).

³¹ *Daugherty Lumber Co. et al. v. United States et al.*, 141 F. Supp. 576; (Service Order No. 910, entered March 19, 1956).

RATE SUSPENSION

In three cases, district courts held that interlocutory orders vacating prior rate suspension orders were subject to review pursuant to provisions of section 10 of the Administrative Procedure Act (5 U. S. C. 1009), despite the fact that they did not constitute final determinations of the lawfulness of the rates.³² The courts further held that section 8 (b) of that act (5 U. S. C. 1007), which requires detailed findings and conclusions, are applicable although no hearing had been held or was required by statute prior to a determination by us.

The court in the *Dixie Carriers* case also held³³ that before we could grant temporary relief from the long-and-short-haul provisions of section 4 (49 U. S. C. 4) we must find that there was a "special case" for such relief, and that such finding be made after an investigation which includes a hearing. We have appealed to the Supreme Court in the *Amarillo-Borger* and *Dixie Carriers* cases.

RAIL REFRIGERATION CHARGES

In a case in which we authorized the railroads to increase refrigeration charges by 15 percent to obtain more revenue and thereby more nearly recover costs of the service, a district court, in sustaining the order on its merits, also held that the shippers who brought the action challenging the order had no standing to maintain the action for the reason that they had a further administrative remedy which they had not exhausted.³⁴

MOTOR CARRIER OPERATING AUTHORITY

In a case involving an interpretation of the certificate issued to Bingler Vacation Tours, the Supreme Court affirmed a district court decision upholding our order.³⁴ We had held that Bingler's certificate, which authorizes "transportation of passengers over irregular routes, in special operations, in round-trip sightseeing or pleasure tours" between New York City and points in several eastern States, did not authorize it to engage in "bare expeditious round-trip transportation" between New York City and three named points in New Jersey.

³² *Amarillo-Borger Express v. United States*, 138 F. Supp. 411; (*Carbon Black-Southwest to U. S. A. and Canada*, Docket No. I. & S. 6476).

The Long Island R. R. Co. v. United States et al., 140 F. Supp. 823; (*Terminal Area of New York City—Delaware, L. & W.*, Docket No. I. and S. 6512).

Dixie Carriers, Inc., et al. v. United States et al., not yet reported; (*Pipe, Official and Southern Territories to Southwest*, Docket No. I. & S. 6491).

³³ *Florida Citrus Commission et al. v. United States et al.*, Northern District of Florida, decided September 7, 1956, not yet reported; (*Proposed Increased Refrigeration Charges*, Docket No. 31342, 297 I. C. C. 505).

³⁴ *Bingler Vacation Tours, Inc. v. United States*, 350 U. S. 921; opinion below 132 F. Supp. 793; (*Asbury Park-New York Transit Corp. v. Bingler Vacation Tours*, Docket No. MC-C-1047, 62 M. C. C. 731).

The Supreme Court also affirmed a district court decision which set aside our order amending a certificate issued to a motor carrier in order to correct an error.³⁵ The certificate as originally issued authorized the carrier to transport general commodities between designated points. Several years later, we amended the certificate to authorize the carrier to transport only dangerous explosives between those points. The carrier contended that the order correcting the certificate was invalid because "it was issued without notice and hearing and for reasons other than those stated in section 212 (a)" (49 U. S. C. 312 (a)). The district court, in annulling our order, held that the correction of an outstanding certificate constituted a revocation of said certificate and could be accomplished lawfully only after notice and hearing and upon the grounds specified in section 212 (a).

A district court sustained our grant of an extension application by a motor-carrier affiliate of a railroad to transport general commodities, with the usual exceptions, over a regular route, subject to two conditions: (1) A reservation of the right to insert in the proposed certificate future conditions which public convenience and necessity may require, and (2) a requirement that all contractual arrangements between the motor carrier and its railroad parent be reported to us for review and revision. In general, the effect of our decision was to permit the rail subsidiary to perform motor-carrier service without restricting its operations to service auxiliary to and supplemental of rail service of the parent company.³⁶ The plaintiffs, competing motor carriers and certain railway labor associations, insisted that the proviso to section 5 (2) (b) (5 U. S. C. 5 (2) (b)), applicable to mergers and acquisitions, required us to impose such auxiliary-and-supplemental service restrictions in authorizing new or additional motor-carrier service by a rail subsidiary under section 207 (a) (49 U. S. C. 307 (a)). The court held that the proviso is not to be read as a rigid limitation upon the issuance of certificates to a rail subsidiary for new or additional motor-carrier service, and that the policy underlying the proviso is flexible enough to permit us to authorize a railroad affiliate to perform unrestricted motor-carrier service in those exceptional circumstances where public convenience and necessity require such service. The court further held that our finding of "exceptional circumstances" was supported by evidence in the instant case. The plaintiffs have appealed to the Supreme Court.

³⁵ *United States et al. v. Watson Bros. Transportation Company, Inc.*, 350 U. S. 927; opinion below 132 F. Supp. 905; (*Watson Bros. Transportation Company, Inc., Omaha, Nebr.*, Docket No. MC-70451, 49 M. C. C. 916).

³⁶ *American Trucking Associations, Inc., et al. v. U. S., I. C. C. et al.*, District Court, District of Columbia, not yet reported; (*Rock Island Motor Transit Co. Common Carrier Application*, Docket No. MC-29130 (Sub-No. 70), 63 M. C. C. 91).

A district court unanimously sustained our order granting authority to Tauck Tours, Inc., to extend its geographical authority as a passenger broker to operate all-expense tours from New York, Newark, and Philadelphia to all points in the United States, with certain exceptions.³⁷ In approving the extension, we interpreted the provisions of section 203 (a) (18) (49 U. S. C. 303 (a) (18)) so as to allow the applicant to use buses procured from carriers holding authority to perform only charter operations, as well as from carriers authorized to perform established regular route passenger operations. The plaintiffs contended that our interpretation was erroneous, in that the applicant should have been restricted to the use of buses obtained from the latter, but the court rejected this contention.

A three-judge district court, with one judge dissenting, upheld our order directing a contract carrier by motor vehicle which holds a "grandfather" permit to transport "stock in trade of drug-stores," to cease and desist from transporting various commodities from consignors, none of whom were drugstores, to consignees who likewise were not drugstores.³⁸ We had held that the commodity description was tantamount to an authorization to transport "drugstores' stock in trade," that it was not so patently ambiguous as to warrant reconsideration of the "grandfather" operations, and that the so-called "intended-use" test is properly applicable to such description. The majority opinion of the court in effect constitutes a judicial affirmation of the "intended-use" test in a manner somewhat more positive than in two prior court cases in which that test was involved.³⁹ The carrier has appealed to the Supreme Court.

Two motor carriers attacked orders denying them authority under section 207 (49 U. S. C. 307). They contended the denials were based solely on the existence of adequate rail service between the points involved.⁴⁰ In each instance, the district court upheld our order and stated that, although our report stressed the existing rail service, it was the duty of the court to consider the entire record, which showed that there was motor carrier as well as rail service available. The plaintiffs have taken an appeal in the *Schaffer* case.

³⁷ *National Bus Traffic Association, Inc., et al. v. United States et al.*, decided July 30, 1956, District of New Jersey, not yet reported; (*Tauck Tours, Inc.—Extension—New York, N. Y.*, Docket No. MC-29488 (Sub-No. 3), 49 M. C. C. 491, 52 M. C. C. 373, 54 M. C. C. 291, and 63 M. C. C. 493).

³⁸ *Andrew G. Nelson, Inc. v. U. S., I. C. C. et al.*, Northern District of Illinois, not yet reported; (*Andrew G. Nelson, Inc.—Investigation of Operations*, Docket No. MC-C-1610, 63 M. C. C. 407).

³⁹ *Dart Transit Co. v. I. C. C.*, 110 F. Supp. 876, affirmed 345 U. S. 980; (*Dart Transit Co.—Investigation of Operations*, 54 M. C. C. 429).

Converse v. U. S. et al., 109 F. Supp. 807; (*Pierce Auto Freight Lines v. Converse*, Docket No. MC-C-1201, 54 M. C. C. 447).

⁴⁰ *A. W. Schaffer v. Interstate Commerce Commission*, 139 F. Supp. 444; (*A. W. Schaffer Extension—Granite*, Docket No. MC-93529 (Sub-No. 2), 62 M. C. C. 811 and 63 M. C. C. 247).

Jimmie H. Ayer, doing business as Home Transportation Co. v. United States, 139 F. Supp. 440; (*Jimmie H. Ayer—Extension*, Docket No. MC-111545 (Sub-No. 3), 63 M. C. C. 819).

GOVERNMENT SHIPMENTS

A district court sustained our denial of reparations to the Government from certain railroads on the transportation of shipments of bauxite ore delivered to an ordnance plant during World War II. We had held that under section 16 (3) (b) and (c) (49 U. S. C. 16 (3) (b) and (c)) we are without jurisdiction as to that part of the claim covering shipments billed more than 2 years before the complaint was filed, and, as to the remainder of the claim, that a lower rate in effect on shipments from the same origins to a more distant destination was not applicable under the "intermediate" rule because of circuitry of the route. We also had held that the rate named in the carrier's section 22 quotation was just and reasonable.⁴¹

A three-judge district court upheld our order dismissing a complaint in which the United States sought a determination that refusal of the railroads to pay it an allowance or otherwise to absorb the cost of wharfage and handling on military freight moving over the Army's piers at Norfolk, Va., on and since May 1, 1951, subjected it to unjust and unreasonable rates and charges in violation of the Interstate Commerce Act. We had held that, under the applicable tariffs and in the circumstances of the case, the railroads had no obligation to provide wharfage and handling on the Army's freight or to compensate the Army for providing its own port services, and that failure to do so was neither unreasonable nor unjustly discriminatory.⁴² The United States appealed to the Supreme Court.

EXTENSION OF TEMPORARY OPERATING AUTHORITIES

A district court, following its own prior decision in the *Stone's Express Case*,⁴³ held that we have no authority under section 9 (b) of the Administrative Procedure Act, or otherwise, to continue in effect for more than 180 days temporary authority granted under section 311 (a) of the Interstate Commerce Act (49 U. S. C. 911 (a)).⁴⁴ We have taken an appeal to the Supreme Court. (See Legislative Recommendation No. 12, p. 166.)

⁴¹ *United States v. Interstate Commerce Commission*, District Court for the District of Columbia, decided December 21, 1955, not yet reported; (*United States v. Southern Ry. Co. et al.*, Docket No. 30326, 286 I. C. C. 203).

⁴² *United States v. Interstate Commerce Commission*, 132 F. Supp. 34; (*United States v. Aberdeen & Rockfish R. R. Co.*, Docket No. 30939, 289 I. C. C. 49).

⁴³ *Interstate Commerce Commission v. Stone's Express, Inc.*, 348 U. S. 886, 350 U. S. 857, 350 U. S. 906, opinion below 122 F. Supp. 955. In this case, after the Supreme Court had noted jurisdiction, the appeal was dismissed for mootness.

⁴⁴ *Atlantic Coast Line Railroad Co. v. United States et al.*, not yet reported; (*Pan-Atlantic Steamship Corp.—Intercoastal Trade*, Docket No. W-376 (Sub-Nos. 11 and 12)).

SCOPE OF THE SAFETY APPLIANCE ACT

In a case involving interpretation of the Safety Appliance Act, a Supreme Court majority held, contrary to the views of the Court of Appeals for the Fifth Circuit and our views, that a dome step board on a railroad tank car is a "running board" within the meaning of that act.⁴⁵

In a case involving other provisions of the same statute, the Court of Appeals for the District of Columbia Circuit ruled that small service vehicles, i. e., a track motorcar and a push truck, used in maintenance work by a railroad, were subject to that act. The railroad has filed a petition with the Supreme Court for writ of certiorari and we have filed a brief in support of that petition.⁴⁶

LEGISLATION AND LEGISLATIVE ACTIVITIES

We again are recommending a number of amendments to correct deficiencies in the laws relating to our work. They are discussed in the final chapter of this report and are the result of months of study by individual members of the Commission, our Committee on Legislation, and staff attorneys.

During the year, intensive study was given to the preparation of replies to 61 requests from committee chairmen and other members of the 84th Congress, second session, who sought our views on bills, resolutions, and other matters. Among these were 3 comprehensive questionnaires concerning our administration of the Motor Carrier Act, procedures and workload, and intergovernmental relations. It is estimated that replies to the questionnaires alone required several thousand man-hours, in view of the extensive legal and statistical research that had to be done.

Members or staff representatives of the Commission testified at the request of congressional committees at hearings on 11 occasions. Staff members attended numerous other hearings as observers.

Probably the most far-reaching legislative proposals in the transportation field during the last session of Congress were contained in H. R. 6141 and S. 1920 which were designed to give effect to recommendations of the Presidential Advisory Committee on Transport Policy and Organization in the so-called Cabinet Committee report. The bills would have made fundamental changes in the Interstate Commerce Act, including a major revision of the national transportation policy.

Our detailed comments on these bills were submitted to the Interstate and Foreign Commerce Committees of both Houses, and mem-

⁴⁵ *Shields v. Atlantic Coast Line R. Co.*, 350 U. S. 318, opinion below 220 F. (2d) 242.

⁴⁶ *The Baltimore and Ohio Railroad Company v. Daniel T. Jackson*, 233 F. 2d 660.

bers of the Commission and its staff testified at hearings on H. R. 6141 and several related bills before the Transportation and Communications Subcommittee of the House Commerce Committee. We also submitted a supplemental statement containing a further expression of our views after the hearings closed. A printed record of over 1,800 pages resulted from the 21 days of hearings, which extended over a period of nearly 2 months.

Related bills considered included H. R. 6208, introduced at our request, to relieve carriers from a burdensome procedural requirement by making the long-and-short-haul provision of section 4 (1) of the act self-operating with respect to the right of a circuitous route to meet the rate or rates legally established between competitive points over the more direct routes. The bill received no further action.

Also considered at these hearings, and on which we submitted our comments, was H. R. 525, which would have repealed the provisions of section 22 authorizing reduced rates on Federal, State, and municipal government traffic. Although the bill was reported out favorably by the full Committee, it did not reach the floor of the House for a vote. (See Legislative Recommendation No. 3, p. 160.)

Other proposals which would have affected the discharge of our duties and the administrative process as a whole were made in H. R. 6114, H. R. 6115, and S. 2541. These proposals grew out of the report of the Hoover Commission Task Force on Legal Services and Procedure and would have affected the administrative procedures of all agencies. Rigid procedures would have been prescribed for all agencies without regard to important differences in the nature and scope of their respective activities. Under them, our relatively simple and inexpensive procedures would have been replaced by a highly complicated system of procedure. Our views were not sought, and no hearings were held on these bills.

Also before Congress in this connection were H. R. 29, H. R. 4558, and S. 1018, which would have made major changes in the organization and procedures of the administrative agencies. No hearings were held on these measures, but we were asked to comment on H. R. 29 and H. R. 4558.

It is our understanding that the administrative law section of the American Bar Association is drafting similar legislation for introduction during the next Congress. In our opinion such proposals are not in the public interest, and we urge that the greatest caution be exercised in any consideration given to them.

Related to these measures was H. Res. 462 which would have amended the Rules of the House so as to create a standing Committee on Administrative Procedure and Practice. Adoption of such a

resolution would be undesirable since it would fragmentize, and probably result in an overlapping of, the jurisdiction of existing committees. The proposal was opposed by the Association of Interstate Commerce Commission Practitioners and other responsible parties at a hearing before a special subcommittee of the House Rules Committee.

The Congress also considered S. 2770, introduced at our request, which would have granted us authority to direct the assessment of penalty per diem charges as an aid in alleviating freight-car shortages. A hearing was held but the proposal was not enacted. (See Legislative Recommendation No. 1, p. 159.) Also designed to alleviate the freight-car shortage were companion bills, S. 3509 and H. R. 9962. Our views were sought on these bills, but no further action was taken.

In addition, we were asked to comment on S. J. Res. 171, which would have directed us to institute an investigation of the freight-car shortage for the purpose of formulating a program to eliminate the shortage. No action was taken by Congress on this proposal, but at the request of the Senate Committee on Interstate and Foreign Commerce, we are considering several alternative plans to improve the freight-car situation.

Among other measures on which we submitted comments, at the request of congressional committees, were:

1. S. 898, popularly known as the "trip-lease" bill, now Public Law 957, under which we are prohibited from regulating the duration of leases of motor vehicles or the amount of compensation to be paid thereunder with respect to the majority of owner-operated vehicles available for lease by authorized carriers. Consideration is being given to modifying existing regulations to conform with provisions of the new amendment.

2. S. 3391 (Public Law 939), directing us to prescribe regulations providing for the comfort and safety of migrant agricultural workers when transported across State lines by certain motor carriers for distances of more than 75 miles. Appropriate regulations will be prescribed as soon as the particular requirements necessary to accomplish the objectives of the new law can be determined.

3. S. 1777 (Public Law 825), which amended section 22 of the act so as to authorize carriers to transport a disabled person accompanied by a required attendant at the usual fare charged for one person. The provisions of this amendment are permissive in nature and we do not at this time contemplate prescribing rules or regulations in this connection.

4. H. R. 7619, the Executive Pay Bill (Public Law 854), which provided, among other things, for an upward adjustment in compensation for heads of executive departments and certain other Government officials, including the members of this Commission.

At the request of the Senate Committee on Interstate and Foreign Commerce, we are drafting a plan for regulation of rail, motor, and inland water transportation within Alaska and transportation between the United States and Alaska. Satisfactory progress is being made in formulating a plan flexible enough to facilitate legislative action.

Under the Federal-Aid Highway Act of 1956 (Public Law 627-H. R. 10660), the Secretary of Commerce was directed, in cooperation with other Federal officers and agencies, and the Commission in particular, to make a study and investigation of certain phases of highway activity. We advised the Secretary that we stand ready to cooperate with him in the discharge of his responsibilities under this provision.

In addition to the above, our legislative activities also included the drafting of bills to give effect to our recommendations for changes in the law.

LEGISLATIVE RECOMMENDATIONS

In our prior reports our legislative recommendations have been listed in numerical sequence according to the various sections of the act. This year they have been grouped according to their purpose and scope, each followed by a brief explanatory comment. It is hoped that the new arrangement will be helpful to the Congress in evaluating their relative importance.

A number of recommendations which were repeated for many years in the past have been omitted because they pertained to less urgent matters. We feel that a busy Congress should have the benefit of selectivity in this respect.

After the new Congress convenes, we shall submit to the chairmen of the respective House and Senate committees, for their consideration, drafts of legislation which would give effect to the recommendations set forth below.

Recommendations of Fundamental Importance

1. We recommend that section 1 (15) be amended so as to authorize the Commission to direct the assessment of penalty per diem charges as an aid in alleviating shortages of railroad freight cars during periods of emergency or threatened emergency.

Freight cars, particularly boxcars, have not been in sufficient supply to meet commercial demands for many years.

The burden of maximum utilization rests on users and carriers. Insofar as users are concerned, demurrage charges are a means to insure prompt loading and unloading, but while a car is in the hands of the carrier, there is virtually no way to compel prompt action. The railroads are presently proposing permanent changes in the demurrage rules, and we have the matter under current consideration.

The recommended amendment would enable the Commission to

take effective steps to promote better utilization of existing equipment and encourage greater car ownership.

This suggested amendment was included as a specific legislative recommendation for the first time in last year's annual report. S. 2770 was introduced in the Senate, at the Commission's request, during the second session of the 84th Congress. Hearings thereon were held before a special subcommittee of the Senate Interstate and Foreign Commerce Committee on March 29 and May 7 and 8, 1956, but it was not reported out of Committee. Companion bills, S. 3509 and H. R. 9962, also designed to alleviate freight-car shortages, were introduced in the Senate and House, respectively, but no hearings were held thereon.

2. We recommend that section 4 (1) be amended so as to eliminate the necessity of securing prior approval of the Commission for the publication of rates over circuitous routes equivalent to the going rates over direct routes of the same type of carrier when, in the managerial discretion of the carriers, such rates are necessary because of competitive factors.

Experience has shown that the public interest is not being served by the imposition of the restriction in question, and the history of its administration has proved it to be excessively burdensome to all concerned. It has resulted in disproportionate expenditures of time, labor, and funds in view of the relatively few instances where denial of section 4 relief has been warranted.

It is our view that enactment of the recommended amendment in some form would serve to streamline section 4 without adversely affecting the public interest.

This suggested amendment was included as an annual report recommendation for the first time last year. Prior thereto, on May 3, 1955, a draft bill, together with a statement of justification therefor, was submitted to the chairmen of the House and Senate commerce committees, respectively, with a request for introduction. As a result, a bill, H. R. 6208, was introduced on May 12, 1955, and was the subject of hearing before the House Subcommittee on Transportation and Communications at the time hearings were held on H. R. 6141 (the Cabinet Committee bill).

3. (a) We recommend that section 22 be amended so as to make the provisions thereof permitting the performance of transportation services for Federal, State, and municipal governments free or at reduced rates applicable only during the time of war or national emergency.

(b) In any event we recommend that section 22 be amended to enable the appropriate agencies of Government and the carriers to negotiate rates on a firm and unassailable basis.

Today, the Federal Government is the largest single purchaser of transportation services. It does this largely at special reduced rates, established by the railroads and other carriers at the Government's request, under the provisions of section 22. These rates are not

available to the commercial shipper. The use of such unregulated rates, commonly referred to as "section 22 quotations" or "agreements," has a strong tendency to increase the cost of regulated transportation services to commercial users who, when their rates become too high, resort to private carriage, all to the detriment of the common carriers which form the backbone of our national transportation system. We wish to point out that the suggested amendment would do little good if Government agencies were left free to bargain with carriers whose rates and charges are not subject to regulation.

The Government may choose to pay published rates and thereby become eligible to attack such rates as unlawful to the same extent as commercial shippers. If, however, under present law, it elects to contract for reduced rates under section 22, it should be bound by them. At one time section 22 arrangements were regarded as contracts binding on both the carriers and the Government, but in recent years the Government in the so-called Government Reparation Cases took the position that its utilization of charges so established was not a bar to its later undertaking to obtain still lower charges as a result of orders of the Commission entered after the filing of complaints by the Government. Enactment of the recommended amendment (b) would give section 22 quotations under all circumstances the effect of binding bilateral contracts establishing rates unassailable by the Government by complaint to the Commission.

Part (a) was included as a specific annual report recommendation for the first time last year. S. 2114, which would have eliminated section 22 rates on Federal Government traffic and H. R. 525, which would have eliminated such rates on Federal, State, and municipal government traffic, were introduced during the 84th Congress. Hearings were held before the House Transportation and Communications Subcommittee on H. R. 525 along with H. R. 6141, the Cabinet Committee bill. H. R. 525 was reported out favorably by the full Interstate and Foreign Commerce Committee of the House, but never reached the House floor.

Part (b) of this recommendation has been included, in substance, in the annual reports since 1950. Two House bills and one Senate bill, S. 906, were introduced with respect thereto in 1953. S. 906 was passed by both Houses in 1954, but was vetoed by the President. S. 543 was introduced during the 84th Congress, but no further action was taken thereon.

4. We recommend that part II of the act be amended so as to make clear that all for-hire motor carrier transportation, whatever its form, other than that specifically exempted, be made subject to regulation.

There is a large area of motor transportation which, although cloaked with the form of private transportation, is not, in our opinion, private carriage as defined by the courts in the *Lenoir Chair* case (*Brooks Transportation Co. v. United States*, 340 U. S. 925).

The principal business of persons engaged in this type of activity is, in fact, transportation, and the movement or carriage of property

performed by them is not in furtherance of any primary or bona fide business enterprise other than transportation. Because the act defines common carriage and contract carriage specifically, the courts tend to construe these definitions strictly. This has left an area in which persons are engaging in the business of moving goods but which is regarded not subject to regulation as common or contract carriage. This situation does not give to the public the protection which it should receive and creates unstable conditions in the transportation industry because unauthorized for-hire transportation is fostered through various devices. We therefore recommend that Congress amend the act as appropriate.

5. We recommend that section 203 (b) (6) be amended so as to limit the exemption of motor vehicles transporting agricultural commodities, fish, and livestock to transportation from point of production to primary market.

The present exemption is being used by commercial interests for their own advantage without any provable benefit to the farmer whose price is usually determined when a sale is made to a broker or dealer.

Recent court decisions threaten to expand further the exemption for agricultural commodities to include the transportation of a huge volume of commercially processed products. The Supreme Court in holding in a recent 5 to 4 decision (*East Texas Motor Freight Lines v. Frozen Food Express*, 351 U. S. 49) that the exemption for "agricultural commodities (not including manufactured products thereof)" applied to fresh and frozen dressed poultry, stated that the exemption applies so long as "the commodity retains a continuing substantial identity through the processing stage." If this concept is applied to exempt other important commodities such as frozen and canned fruits and vegetables which are processed in large commercial plants and transported by regulated carriers, the result will be a serious impairment of the position of the regulated carriers upon whom small shippers, including farmers, are dependent for transportation.

This suggested amendment was included as a specific annual report recommendation for the first time last year. No bills which would have given effect thereto were introduced during the 84th Congress.

6. (a) We recommend (1) that the definition of contract carrier by motor vehicle as set forth in section 203 (a) (15) be amended so as to state clearly the nature of the services which may be performed by such carriers and to provide that such services may be performed under continuing contracts for only one person or a limited number of persons, and (2), if so amended, that section 212 be amended by

adding a new paragraph (c) authorizing the Commission to revoke the permit of such a carrier and to issue in lieu thereof a certificate of public convenience and necessity if it finds, after a hearing, that the operations of the permit holder are not those of a contract carrier under the revised definition, are those of a common carrier, and are otherwise lawful.

(b) We also recommend that section 209 (b) be amended so as (1) to empower the Commission to limit the person or persons and the number or class of persons for which a contract carrier by motor vehicle may lawfully perform transportation services without additional authority and (2) to provide that additional permits may be issued only upon a showing that existing common carriers are unwilling or unable to provide the type of service for which a need has been shown.

Under the present definition of contract carrier by motor vehicle in section 203 (a) (15) of the act, such carriers may, under individual contracts within the scope of their authority, serve any number of shippers. Moreover, the proviso in section 209 (b) specifically prohibits the Commission from restricting a contract carrier from substituting or adding contracts within the scope of its permit. As a result some contract carriers have so many effective contracts that they are actually rendering what is tantamount to common carrier service.

Although the original authority is based on individual specialized service, there is no guarantee, once a permit has been granted, against a contract carrier supplanting a common carrier by subsequent contract arrangements with shippers for the identical services. In a recent decision, *United States v. Contract Steel Carriers*, 350 U. S. 409, decided March 12, 1956, the Supreme Court stated in this connection that "A contract carrier is free to aggressively search for new business within the limits of his license." Freedom to solicit customers without a restriction to specialized service will obliterate the distinction between common and contract carriers which Congress prescribed. The suggested amendments would enable the Commission to insure that all contract arrangements of contract carriers will cover only individual specialized service.

The further recommendation to permit the issuance of motor contract carrier authorities only upon a showing that existing common carriers are unwilling or unable to provide the required type of service would provide a further measure of control over the unlimited expansion of contracts for nonspecialized service. It would also serve to protect shippers whose peculiar needs cannot adequately be met by a common carrier.

The recommended "grandfather" clause would authorize the Commission to issue a certificate in lieu of a permit without proof of public convenience and necessity where it finds that the operations of a contract carrier do not conform to the revised definition and are those of a common carrier.

The recommendation to amend section 209 (b) was made for the first time last year. No bills were introduced to implement the suggested change, but in its comments on H. R. 6141 and S. 1920 (the Cabinet Committee bills) the Commission, beginning on page 52 of the December 22, 1955, report, discussed the subject of motor contract carriers and urged amendment of section 209 (b). Also discussed in that report, beginning on p. 39, was the proposed change in the contract carrier definition, including the suggested substitute language recommended above.

Recommendations for Clarification and More Effective Administration and Enforcement

7. We recommend that section 20b be amended so as to permit controlled or controlling stockholders of a railroad corporation which is undergoing voluntary modification or alteration under that section to register their assent to such modification or alteration, subject to the power of the Commission to increase the prescribed percentage of assents required in such classes for approval of a proposed plan as it may deem just and reasonable in the light of the circumstances presented in the particular case. We also recommend certain minor amendments to paragraphs (2) and (3) of section 20b as described below.

At present a small group of stockholders may prevent the approval of meritorious plans of modification. The recommended amendment would alleviate this situation by permitting controlled or controlling stockholders to assent their stock and at the same time provide a safeguard against possible abuses.

Paragraphs (2) and (3) should also be amended so as (1) to clarify and make certain the power of the Commission to prescribe the classes into which securities should be divided for the purpose of voting on plans, (2) to give the Commission authority to issue rules and regulations, and special requirements in any case, governing the solicitation of assents and opposition to proposed plans, (3) to remove any doubt of the Commission's jurisdiction to exercise supervision over material used to solicit *assurances* of assent (preliminary approval or disapproval of proposed plans) prior to action thereon by the Commission, and (4) to clarify the Commission's authority specifically to designate or approve an independent depositary to receive assents of security

holders and to accept the depositary's certification as to the assents received.

This recommendation has been included in the annual reports since 1950. Five bills were introduced with respect thereto in 1953, three in the House and two in the Senate, including S. 978 which was passed by the Senate on June 9, 1954, but on which no action was taken by the House. No bills were introduced during the 84th Congress on this recommendation.

8. We recommend that paragraphs (1), (2), and (3) of section 204 (a) be amended so as to authorize the Commission to require that all motor carriers subject to its hours of service and safety regulations, but not otherwise subject to its jurisdiction, be registered with the Commission.

Private carriers, the exempt commodity haulers, local carriers in commercial zones, and carriers operating in foreign commerce between points in a foreign country through the United States are now subject to the hours of service and safety rules. For proper administration of the safety regulations, it is essential for the Commission to know the number and identity of such carriers. The recommended amendment would enable the Commission to inform such truckers of their obligations to the public respecting safety.

This recommendation was made for the first time in last year's annual report. No bills were introduced thereon during the 84th Congress.

9. We recommend that the second proviso of section 206 (a) (1), which permits certain motor carriers holding State operating authorities to engage in interstate and foreign commerce without authority from this Commission, be repealed, but with a provision preserving the rights of those carriers presently engaged in such operations under the proviso.

Transportation of property, moving in interstate commerce, wholly within a State was considered as merely incidental to intrastate transportation and was not considered to be important at the time the Motor Carrier Act was passed. Service performed by such carriers, however, is frequently an important link in interstate routes. State certificates have, therefore, been sought solely for the purpose of providing such a connection.

To promote stability it is desirable that the entry of motor carriers into the interstate transportation picture be based on the need for additional interstate service.

This was a new recommendation last year. No bills were introduced with respect thereto during the 84th Congress.

10. We recommend that section 207 (a) be amended to clarify the Commission's authority to issue temporary, or term, certificates of public convenience and necessity; and that section 212 (a) be amended to provide that such certificates shall remain in effect for the term issued, until suspended or terminated as therein provided.

This amendment would remove any doubt as to the Commission's authority to issue certificates for a limited term when circumstances so require. The further recommendation respecting section 212 (a) is of a technical nature.

This suggested amendment was made for the first time in last year's annual report. No implementing legislation was introduced during the 84th Congress.

11. We recommend that section 208 (c), which gives special or charter service rights to common carriers by motor vehicle, be amended to make it inapplicable to carriers issued certificates in the future.

Carriers have frequently applied for the right to transport passengers over a short regular route solely for the purpose of obtaining the incidental charter rights from points on their route to all points in the United States. This situation could be remedied by requiring in the future that an applicant show the need for concomitant special services.

This recommendation was included in the annual report for the first time last year. No bills to carry out the suggested change were introduced during the 84th Congress.

12. We recommend that section 210a (a) and (b) and section 311 (a) and (b) be amended so as to authorize the Commission to grant temporary authorities and temporary approvals beyond a period of 180 days.

Since it frequently occurs that the Commission cannot make a final determination within the 180 days provided in these sections, the power to authorize continuous service where the need has been found to be urgent should be clearly stated in the statute in order to avoid unnecessary litigation.

The Commission has taken the position that section 9 (b) of the Administrative Procedure Act permits or requires the Commission to grant temporary authorities for periods in excess of 180 days where such extension is necessary to enable the Commission to complete action upon a pending application for a permanent authority covering the same service. The legality of such reliance upon section 9 (b) of the Administrative Procedure Act has been considered twice by a three-judge district court in the District of Massachusetts. In both cases, the court held that section 9 (b) did not authorize the

issuance of such temporary authorities for periods in excess of 180 days as specified in the Interstate Commerce Act. The first of these cases, the *Stone's Express* case, was appealed by the Commission to the Supreme Court, but the appeal was dismissed for mootness. The second of these cases, the *Pan-Atlantic Steamship* case, has also been appealed by the Commission to the Supreme Court.

13. We recommend that section 212 (a) be amended in the following respects: (1) to make motor carrier operating authorities subject to suspension, change, or revocation for willful failure to comply with any rule or regulation lawfully promulgated by the Commission; (2) to make the revocation procedure therein prescribed conform to the procedure provided in section 410 (f) of the act by eliminating the term "willfully" in the first proviso; and (3) to provide that the Commission may, upon reasonable notice, suspend motor carrier operating authorities for failure to comply with insurance regulations issued by it pursuant to section 215 thereof.

Under the provisions of section 212 (a) of part II of the act a certificate cannot be suspended or revoked except for failure to comply with "any provisions of this part or with any * * * regulation of the Commission promulgated *thereunder* * * * ." Since regulations under the Transportation of Explosives Act, for example, are not regulations promulgated under any provision of part II of the Interstate Commerce Act, the Commission is without power to revoke a carrier's certificate for violations thereof, regardless of how willful the violations may have been. If the words "promulgated *thereunder*" appearing in section 212 (a) were changed to read "lawfully promulgated by the Commission," the Commission would have the power to revoke or suspend certificates for willful failure to comply with *any* regulation lawfully promulgated by the Commission.

Under the first proviso of section 410 (f) of the act a freight forwarder permit may be revoked if the holder thereof fails to comply with an order of the Commission commanding compliance with the provisions of part IV, a rule or regulation issued by the Commission *thereunder*, or the terms, conditions, or limitations of its permit. Under the corresponding provision in section 212 (a), a motor carrier must "willfully" fail to obey such compliance order before its certificate or permit may be revoked. The use of the word "willful" to describe the nature of the violations which are the subject of revocation proceedings under section 212 (a), and the use of the word a second time (in the first proviso) to describe the nature of the failure to obey a compliance order raises the question of whether two hearings must be held respecting the question of willfulness,

The act provides for suspension of motor carriers' and brokers' operating authorities, upon notice, for failure to comply and until compliance has been effected with brokerage bond regulations, and the tariff publishing rules for both common and contract carriers. It does not, however, provide for suspension on notice for failure to file proof of cargo, public-liability, and property-damage insurance.

This recommendation was included in the annual report for the first time last year. No bills have been introduced which would give effect thereto.

14. We recommend that section 214, which makes the provisions of section 20a applicable in certain cases to the issue of securities by motor carriers, or to the assumption by them of obligations respecting the securities of others, be amended so as to prevent evasion of the Commission's jurisdiction by adoption, with respect to stock issues, of arbitrary par values having no reasonable relation to actual values.

Section 214 of the act provides, in part, that the provisions of section 20a shall not apply to carriers or corporations where the par value of the securities to be issued, together with the par value of the securities then outstanding, does not exceed \$1,000,000. In the case of securities having no par value, this section provides that for the purposes thereof the par value shall be deemed to be the fair market value as of the date of their issue.

Because of the adoption in the statute of "par value," as a criterion, a large motor carrier may offer its stock at a public offering price of \$10 per share and thereby avoid becoming subject to section 214, and indirectly to section 20a, by keeping the par value at a nominal figure and financing its other needs through conditional-sales contracts or mortgages without notes, neither of which is a security within the meaning of the act.

Such evasion could be prevented by the use of "principal amount" as the criterion instead of "par value." By applying this criterion the use of an arbitrary par value, which has no reasonable relation to actual value, would no longer serve as a means by which the provisions of section 214 could be avoided. In order to establish the different criterion, it is necessary that section 214 be amended so as to define "principal amount" as the fair market value of the stock as of the date of its issue, except where the capital stock to be issued has a par value greater than such fair market value, in which case the "principal amount" would be deemed to be the par value.

15. We recommend that section 218 (a) be amended so as to require contract carriers by motor vehicle to file with the Commission schedules showing their actual instead of their minimum rates and charges for transportation services.

Under the present provisions of section 218 (a) of the act, contract carriers by motor vehicle are required to file with the Commission schedules showing only their minimum rates and charges. Therefore, if a contract carrier has contracts to perform identical services for more than one shipper, and different rates are charged the various shippers, the schedule will show only the lowest charge made to any shipper. Common carriers are thus placed at a distinct disadvantage since they are unable to determine what their contract carrier competitors are actually charging.

If contract carriers were required to file schedules of all rates and fares actually maintained and charged, as recommended, common carriers would have an opportunity to compete more effectively.

Although we did not favor similar proposals in the Cabinet Committee bills because of possible conflicts with sections 220 (a) and 222 (e) of the act, which prohibit the disclosure of business transactions of shippers, we are now of the view, upon further consideration, that such conflicts could be avoided if no connection is shown between the rates filed and the shippers to whom they apply.

16. We recommend that part III of the act be amended by adding after section 312 a new section (312a) containing provisions for revocation of water-carrier certificates or permits for nonuse.

The existence of dormant certificates and permits is a deterrent to the institution of new operations and also makes it difficult to determine to what extent duplicating new authorities should be granted. It is not in the public interest that unused certificates and permits remain in effect indefinitely.

Part III of the act, however, does not specifically provide revocation authority and procedure such as are found in parts II and IV thereof. The recommended amendment would remove any doubt as to the Commission's authority to remedy this unhealthy situation.

This recommendation was included as part of a recommendation made in 1948, and was repeated in the years 1950 through 1955. S. 1960, which would have authorized the Commission to revoke water carrier certificates or permits for nonuse, was introduced during the 84th Congress, but no action was taken thereon.

17. We recommend that section 402 (c) be amended to make the exemption of shippers' associations and shippers' agents applicable only where the operation is that of a bona fide association or agent as defined in that section.

Following court decisions to the effect that section 402 (c) constitutes an outright exemption from the provisions of part IV and is not merely a clarifying provision, there has been an increase in the number of groups and individuals purporting to do business within the purview of this provision.

While probably the great majority of such individuals and groups are bona fide shippers' associations, section 402 (c) has proved to be a loophole through which others have engaged in operations which appear to fall within the definition of freight forwarding. This situation could be remedied by an amendment to section 402 (c) authorizing the Commission to make the exemptions applicable only where the operation is proved to be that of a bona fide association.

This recommendation was included in last year's annual report, and similar recommendations were made in the reports for the years 1951 through 1954. Section 19 of H. R. 6141 and S. 1920 (the Cabinet Committee bills) would have given effect to the suggested change, and in the Commission's report of December 22, 1955, commenting thereon (pp. 70-72) reference was made to its annual report recommendation and enactment of the proposed change recommended.

18. We recommend that section 409 be amended so as to (1) place the burden of proof on the parties to contracts between freight forwarders and common carriers by motor vehicle subject to part II of the act for the transportation of freight when such contracts are called into question, (2) prohibit such contracts at compensation lower than the motor carrier's tariff rates in all cases where the line-haul transportation is for a total distance of 450 miles or more, and (3) provide penalties for the offer, grant, giving, solicitation, acceptance, or receipt of any rebate, concession, or discrimination resulting from the transportation of property at compensation less than that specified in such contract.

The Commission's experience under section 409 (b) of the act in attempting to subject certain contracts between freight forwarders and motor common carriers for the transportation of freight to investigation has disclosed several major defects in the law. The most important of these is the failure to place the burden of proof on the makers thereof when such contracts are subjected to formal investigation.

Section 409 (a) now prohibits such contracts at compensation lower than the motor carrier's tariff rates where the line-haul transportation "in truckload lots" is for a total distance of 450 miles or more. Under the recommended amendment circumvention of such prohibition (by use of contract rates not subject to specified minimum weights) would be prevented by eliminating the term "truckload lots" and making the prohibition applicable to *all cases* where such line-haul distance is 450 miles or more. The amendment would also eliminate the necessity for the Commission to determine what Congress meant by "truckload

lots," a term considered almost impossible to define with exactness sufficient to stand up in court in a criminal proceeding.

The penalty provisions would be added to insure observance of the terms, conditions, and compensation of the contracts.

This recommendation was first made in the annual report for 1954 and was repeated last year. No bills have been introduced with respect thereto, but in commenting on bills H. R. 9548 and S. 3366 (companion bills), which would have authorized contracts between freight forwarders and railroads for the movement of trailers on flatcars, the Commission urged that the bills be amended to incorporate provisions similar to these suggested changes.

19. We recommend that section 410 be amended so as to require the obtaining of a certificate of public convenience and necessity as a prerequisite to engaging in service as a freight forwarder.

Since 1950 freight forwarders have been classified as common carriers. They should be required to obtain the same type of authority as other types of common carriers. The ease with which permits may now be obtained, under the present provisions of section 410 (d), could result in overcrowding the freight-forwarding field, with resulting deterioration of forwarder service and harm to the general public.

This recommendation has been included in the annual reports since 1952. No bills respecting this recommendation were introduced during the 84th Congress. H. R. 3791 was introduced during the 83rd Congress, but no further action was taken thereon. In commenting on S. 3365 and H. R. 9772 (companion bills in the 84th Congress) which would have eliminated section 410 (d) from the act, the Commission urged that the act be further amended so as to give effect to this recommended change.

20. We recommend that section 11 of the Clayton Antitrust Act (15 U. S. C., sec. 21) be amended so as to provide that the Commission's jurisdiction thereunder shall include contract carriers as well as common carriers subject to the Interstate Commerce Act.

The Commission's jurisdiction under section 11 of the Clayton Act applies only to "common carriers" subject to the Interstate Commerce Act. Under the present language of the Clayton Act jurisdiction over the acquisition by one corporation of stock in another corporation, where the effect would be to substantially lessen competition, appears to be in the Federal Trade Commission where contract carriers are involved, while at the same time this Commission would have jurisdiction under section 5 of the Interstate Commerce Act over the establishment of common control of two or more contract carriers. Inasmuch as this Commission has jurisdiction

over various other activities and practices of contract carriers, and the issuance and transfer of permits authorizing operations thereof, it seems appropriate that we should also administer the Clayton Act with respect to contract carriers as well as common carriers subject to the Interstate Commerce Act.

By amending the act as recommended the possibility of conflicting requirements being imposed upon such carriers by the different agencies would be avoided.

21. We recommend that the Federal statutes commonly known as the Transportation of Explosives Act (18 U. S. C., secs. 831-835) be completely rewritten in the light of important developments relating to this subject which have occurred in the 34 years since the last revision of these statutes, and in this connection recommend that they be amended so as to include specifically radioactive materials and be made to apply to contract and private carriers as well as common carriers.

An overall revision of the Transportation of Explosives Act has been needed for some time. The trend toward greater use of motor carriers in the transportation of explosives has continued, and, at present, the act does not apply to contract and private motor carriers. It should, therefore, be amended to make it applicable to such carriers and to remove the anomaly of having motor common carriers subject to maximum penalties of \$10,000 or 10 years' imprisonment, or both, while subjecting contract and private carriers to a maximum possible penalty of only \$100 under the present provisions of section 222 (a) of the Interstate Commerce Act.

The recommended revision is also deemed necessary because of the tremendous increase in the production and transportation of radioactive and nuclear materials. While the Transportation of Explosives Act makes no specific mention of radioactive materials, the Commission has prescribed regulations covering such materials by classifying them as "poisons." It is believed that the act should be revised in such manner as to remove any doubt as to the Commission's jurisdiction in this respect.

A number of other changes in the act, principally of a clarifying and technical nature, are also deemed necessary and desirable.

This recommendation was made for the first time, in its present form, in the annual report for 1954, and was repeated in 1955. No bills implementing this recommendation were introduced during the 84th Congress.

22. We recommend that chapter 157, title 28 of the United States Code entitled "Judiciary and Judicial Procedure," be amended so as to provide that suits brought to set aside Commission orders be brought

against the Commission instead of the United States, with the Government, through the Attorney General, being given the right to intervene in appropriate cases.

Sections 2322 and 2323, title 28, U. S. Code, provide that all actions for review of the Commission's orders shall be brought by or against the United States and that the Commission and any interested party may intervene as of right. It is further provided that the Attorney General shall represent the Government and that he shall not dispose of or discontinue any proceeding over the objection of any intervener, who may continue the action unaffected by the action of the Attorney General.

In recent years, the Department of Justice has declined to defend some of the Commission's orders and, in other cases, has confessed error. We believe that Congress never intended that the Department of Justice should attempt to review the Commission's orders in this manner. Therefore, we urge that the law be amended to provide that suits to set aside its orders shall be brought against the Commission, and that the United States shall be entitled to intervene on behalf of any Federal agency which has a justiciable interest in a particular case.

This recommendation was included in the annual report for the first time in 1954 and was repeated last year. No bills have been introduced to give effect thereto.

23. We recommend that the Safety Appliance Acts (45 U. S. C., secs. 1-16), the Hours of Service Act (45 U. S. C., secs. 61-64), the Locomotive Inspection Act (45 U. S. C., secs. 22-34), and sections 222 (a) and (c) of the Interstate Commerce Act be amended so as to provide more adequate and realistic, including minimum, penalties for violations.

The penalty provisions in these statutes were established many years ago, some as long ago as 1893, at which time they were sufficient to deter violations. Because of the decreased value of the dollar and the increased volume of business, some of the carriers and other persons frequently find it cheaper to violate the law and pay the fine provided for than to comply with the statutory requirements.

The recommended amendments are intended to take the profit out of violating the law.

The recommended changes in the Safety Appliance Acts, the Hours of Service Act, and section 222 (a) of the Interstate Commerce Act (as applied to violations of the motor carrier safety and hours of service regulations) were made for the first time last year. No bills were introduced with respect thereto during the 84th Congress, except H. R. 10185, introduced in the House on March 26, 1956,

which would have increased the fixed penalty in the Safety Appliance Acts to \$500. No action was taken on that bill.

The recommended amendment to increase the penalty provision in the Locomotive Inspection Act is new. Also new is the recommendation to expand upon last year's recommended change in section 222 (a) and to include violations of section 222 (c).

24. We recommend that the Safety Appliance Acts (45 U. S. C., secs. 1-16) be amended so as to give the Commission authority to prescribe rules, standards and instructions for the installation, inspection, maintenance, and repair of power or train brakes.

Under section 10 of the Safety Appliance Acts the Commission is charged with the responsibility for enforcement of the power brake provisions of sections 1 and 9 thereof. It does not, however, have the authority to prescribe rules, standards, and instructions for the installation, inspection, maintenance and repair of such equipment.

The suggested legislation is needed because it has become apparent that the carriers are unable to cope with non-observance of their own rules, or, by design, have attempted to evade the minimum requirements of safety. Air brake inspections made by the Commission's inspectors have disclosed that since November 1953, the maintenance and inspection practices of the carriers have progressively deteriorated. Even among the railroads which have adopted the voluntary code of the Association of American Railroads there has been widespread non-observance of the rules, particularly with respect to train brake inspections. The proper inspection, maintenance, and testing of power or train brakes by the carriers are absolute requisites for safe train operation.

We urge that the Safety Appliance Acts be amended as recommended in order to provide the degree of safety therein contemplated for employees and the traveling public.

Section 1 of the Safety Appliance Acts now makes it unlawful to run any train which does not have a sufficient number of cars equipped with power or train brakes so that the engineer can control the speed thereof without requiring brakemen to use the common hand brake for such purpose. Section 9 provides that any train which is operated with power or train brakes shall have such brakes on 50 percent of such cars used and operated by the engineer, and that all power brakes associated together with such 50 percent shall have their brakes so used and operated. The Commission's order of June 6, 1910, increased this percentage to 85. Subsequent orders of the Commission requiring, with certain exceptions, the installation of power brakes on all cars has had the effect of increasing this percentage to 100 percent.

25. We recommend that the Locomotive Inspection Act (45 U. S. C., secs. 22-34) be amended so as to eliminate the provisions relating to

the appointment of the director and assistant directors of locomotive inspection by the President, and that these positions be placed in the classified service, and, further, that the detailed requirements relating to the duties of inspectors be eliminated. We also recommend the elimination of the oath requirement in inspection reports.

The Commission has consolidated almost all of its activities respecting the inspection of railroad operations and equipment in one bureau known as the Bureau of Safety and Service. The primary purpose of the reorganization was to obtain a more effective program of railroad safety by coordinating the work of the separate inspection staffs of the former bureaus of Safety, Locomotive Inspection, and Service and by eliminating artificial separations of work between the inspectors of the several types. However, the full benefit of the consolidation cannot be realized with respect to the former Bureau of Locomotive Inspection unless the Locomotive Inspection Act is amended in the manner recommended so as to permit more effective use of employees.

This recommendation was first submitted on February 18, 1954, in the form of a draft of proposed bill, together with a statement of justification therefor, to the chairmen of the House and Senate Interstate and Foreign Commerce Committees, respectively, with request for introduction. As a result, S. 3059 was introduced during the 83rd Congress, and a hearing was held thereon, but no further action taken. The suggested change was included as an annual report recommendation for the first time in the 1954 annual report, and was repeated last year with clarifying changes in language. No bills were introduced during the 84th Congress to carry out the recommendation.

26. We recommend the enactment of legislation similar to the Medals of Honor Act (45 U. S. C., secs. 44-46) providing for awards of medals of honor for acts of heroism performed in connection with any wreck or threatened wreck, disaster, or grave accident involving any commercial motor vehicle subject to the Commission's motor carrier safety regulations.

In the administration of the Commission's motor carrier safety regulations there have come to our attention a number of acts of heroism performed in connection with accidents involving motor vehicles subject to those regulations. Some of the acts were so outstanding in our opinion that they would have merited the award of a medal of honor such as those now awarded under the Medals of Honor Act to persons who, by extreme daring and at the risk of their own lives, save or endeavor to save the lives of others involved in wrecks, disasters, or serious accidents or prevent the occurrence thereof, upon any railroad in the United States engaged in interstate commerce. Since there is no statutory authority for awarding medals

of honor for acts of heroism performed in connection with motor carrier accidents, we urge that such legislation be enacted in order that such acts may be officially recognized.

ANTHONY F. ARPAIA, *Chairman*.

RICHARD F. MITCHELL.

OWEN CLARKE.

HOWARD G. FREAS.

KENNETH H. TUGGLE.

JOHN H. WINCHELL.

EVERETT HUTCHINSON.

RUPERT L. MURPHY.

ROBERT W. MINOR.

LAURENCE K. WALRATH.

DONALD P. MCPHERSON.

APPENDIX A

STATISTICAL SUMMARIES

- A. Statistics of railway development since 1945.
 B. Statistics from monthly and other periodical reports of carriers.

A. Statistics of Railway Development

Data for years preceding 1945 for most of the tables appear in prior reports.

TABLE I.—*Mileage operated and mileage owned by steam railways in the United States, 1945-55*

Year ended Dec. 31—	Road owned in the United States ¹ (first main track)	Total miles of all tracks operated, excluding trackage rights ²	Mileage operated by classes I, II, and III line-haul railways (including trackage rights)			
			First main track	Second or additional main tracks	Yard track and sidings	All tracks
1945.....	226, 696	376, 772	239, 438	41, 106	117, 510	398, 054
1946.....	226, 438	376, 516	239, 069	41, 015	117, 953	398, 037
1947.....	225, 806	376, 034	238, 209	40, 954	118, 192	397, 355
1948.....	225, 149	376, 173	237, 756	40, 845	118, 602	397, 203
1949.....	224, 511	376, 108	237, 564	40, 639	119, 029	397, 232
1950.....	223, 779	375, 296	236, 857	40, 456	119, 067	396, 380
1951.....	223, 427	374, 852	236, 476	40, 157	119, 198	395, 831
1952.....	222, 508	373, 571	235, 545	39, 977	119, 109	394, 631
1953.....	221, 758	372, 584	234, 959	39, 794	118, 983	393, 736
1954.....	221, 098	371, 339	234, 342	39, 520	118, 718	392, 580
1955.....	220, 670	369, 401	233, 955	38, 825	118, 185	390, 965

¹ Includes mileage of some small companies that do not make annual reports to the Commission.

² Includes mileage of classes I, II, and III line-haul railways and switching and terminal companies.

TABLE II.—*Equipment of steam railways, including switching and terminal companies, in service at the close of each year, 1945-55* ¹

Year ended Dec. 31—	Locomotives							
	Steam		Electric		Diesel		Other	
	Number	Average tractive effort ²	Number	Average tractive effort ²	Number	Average tractive effort ²	Number	Average tractive effort ²
		<i>Pounds</i>		<i>Pounds</i>		<i>Pounds</i>		<i>Pounds</i>
1945.....	41, 018	53, 217	885	57, 295	4, 301	55, 868	49	21, 474
1946.....	39, 592	53, 735	867	58, 565	5, 008	55, 872	44	20, 529
1947.....	36, 942	54, 506	864	58, 816	6, 495	56, 524	43	23, 778
1948.....	34, 581	55, 170	867	59, 250	8, 981	56, 285	45	32, 053
1949.....	30, 344	56, 333	856	59, 427	12, 025	56, 714	47	29, 636
1950.....	26, 680	57, 075	827	59, 713	15, 396	57, 487	48	18, 842
1951.....	22, 590	58, 476	817	60, 037	19, 014	58, 202	52	19, 687
1952.....	16, 738	59, 966	791	60, 415	22, 118	58, 918	52	³ 59, 176
1953.....	12, 274	61, 339	713	62, 060	24, 209	59, 393	55	³ 77, 150
1954.....	9, 041	63, 152	669	62, 605	25, 256	59, 692	67	³ 108, 114
1955.....	6, 266	65, 005	639	64, 577	26, 563	63, 644	34	³ 111, 353

See footnotes at end of table.

TABLE II.—*Equipment of steam railways, including switching and terminal companies, in service at the close of each year, 1945-55*¹—Continued

Year ended Dec. 31—	Cars					
	Freight cars (excluding caboose)		Passenger train	Coaches		
	Number	Average capacity ²	Number	Number	Average seating capacity ²	Number air-conditioned ²
		<i>Tons</i>				
1945.....	1,787,073	51.1	38,633	17,668	77	5,326
1946.....	1,768,400	51.3	38,697	17,654	77	5,677
1947.....	1,759,758	51.5	39,057	17,542	76	6,180
1948.....	1,785,067	51.9	39,406	17,150	75	6,512
1949.....	1,778,811	52.4	38,006	16,806	75	6,868
1950.....	1,745,778	52.6	37,359	16,488	75	7,351
1951.....	1,777,878	52.9	36,326	15,856	76	7,389
1952.....	1,783,352	53.2	34,942	14,957	74	7,356
1953.....	1,801,874	53.5	34,106	14,460	74	7,427
1954.....	1,761,386	53.7	33,035	14,210	74	7,689
1955.....	1,698,791	53.7	32,182	10,772	75	7,378

¹ Privately owned cars and cars owned or leased by the Pullman Co., are not included. In 1955 privately owned freight carrying cars numbered 272,696 and cars owned or leased by the Pullman Co., 4,776.

² Class I steam railways.

³ Includes gas turbine electric locomotives having average tractive effort as follows: 1953, 10 locomotives of 137,900 pounds; 1954, 25 locomotives of 137,920 pounds; 1955, 25 locomotives of 137,920 pounds.

TABLE III.—*Railway capital actually outstanding and net income, 1945-55: Line-haul railways and their lessor subsidiaries*

Year ended Dec. 31—	Total railway capital	Funded debt unmatured ¹	Preferred stock	Common stock	Ratio of debt to capital	Net income ²	Ratio of net income to stock
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>	<i>Thousands</i>	<i>Percent</i>
1945.....	\$18,681,292	\$9,257,950	\$1,980,750	\$7,442,592	49.6	\$502,250	5.33
1946.....	18,449,437	9,040,901	1,960,995	7,447,541	49.0	334,966	3.56
1947.....	18,050,122	8,824,903	1,975,188	7,250,031	48.9	537,405	5.83
1948.....	18,249,091	9,007,491	1,991,825	7,249,775	49.4	767,949	8.31
1949.....	18,342,568	9,120,246	1,988,169	7,234,153	49.7	496,103	5.38
1950.....	18,273,631	9,089,499	1,976,670	7,207,462	49.7	854,951	9.31
1951.....	18,219,950	9,007,960	1,976,609	7,235,291	49.4	757,934	8.23
1952.....	18,066,968	8,870,639	1,953,640	7,242,689	49.1	900,472	9.79
1953.....	17,658,048	8,767,043	1,868,411	7,022,594	49.6	939,887	10.57
1954.....	17,590,304	8,744,039	1,530,064	7,316,201	49.7	712,252	8.05
1955.....	17,422,043	8,771,315	1,309,482	7,341,246	50.3	953,849	11.08

¹ Does not include long-term debt in default. For class I railways and their nonoperating subsidiaries such debt amounted to \$186,566 (thousands) at the close of 1955.

² Intercorporate duplications not eliminated, but amounts shown correspond with the stock in the second and third preceding columns.

TABLE IV.—Dividends, 1945-55: Line-haul railways and their lessor subsidiaries

Year ended Dec. 31—	Proportion of stock-paying dividends ¹	Amounts of dividends ¹	Average rate on—		Dividends declared ²	
			Dividend-paying stock ¹	All stock	On preferred stock	On common stock
	<i>Percent</i>	<i>Thousands</i>	<i>Percent</i>	<i>Percent</i>		
1945.....	57.13	\$295,294	5.49	3.13	\$48,448,791	\$197,543,159
1946.....	55.50	283,171	5.42	3.01	58,649,278	175,932,458
1947.....	56.20	280,397	5.41	3.04	54,759,213	181,706,349
1948.....	69.75	335,313	5.20	3.63	69,244,802	220,001,710
1949.....	64.24	306,995	5.18	3.33	64,223,191	187,723,811
1950.....	73.70	348,811	5.15	3.80	79,191,647	232,907,042
1951.....	72.74	373,574	5.58	4.06	87,900,473	240,577,360
1952.....	73.23	394,042	5.85	4.28	75,376,804	262,688,453
1953.....	81.57	445,145	6.14	5.01	77,974,384	334,089,068
1954.....	74.82	405,410	6.13	4.58	72,738,779	306,605,209
1955.....	84.39	476,748	6.53	5.51	70,768,164	377,450,539

¹ Includes figures for lessors and operating railways without excluding duplications on account of inter-corporate payments. Stock dividends for the last 11 years have been as follows: \$15,800 in 1948, \$2,426,100 in 1951, \$1,267,537 in 1952, \$30,276,932 in 1953, \$5,000,000 in 1954, and \$1,550,100 in 1955.

TABLE V.—Reported property investment and selected income items, 1945-55: Line-haul railways and their lessor subsidiaries

Year ended Dec. 31—	Investment ¹	Investment per mile of road	Depreciation reserve ²	Net railway operating income ³	Other income ⁴	Fixed charges and other deductions ⁵	Net income
	<i>Thousands</i>		<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
1945.....	\$26,967,756	\$119,664	\$5,549,720	\$858,864	\$196,081	\$602,691	\$502,250
1946.....	27,277,974	121,074	5,800,975	624,868	197,105	533,941	334,966
1947.....	27,686,103	123,215	6,037,033	790,534	211,868	517,330	537,405
1948.....	28,664,759	127,625	6,279,892	1,014,815	216,775	524,149	767,949
1949.....	29,519,832	131,784	6,438,177	693,957	238,659	490,133	496,103
1950.....	30,174,312	135,076	6,629,150	1,055,309	245,433	504,926	854,951
1951.....	31,077,781	139,332	6,837,120	956,699	253,758	506,538	757,934
1952.....	31,822,114	143,238	6,925,807	1,091,657	269,614	525,746	900,472
1953.....	32,416,389	146,414	7,009,758	1,122,512	290,116	498,995	939,887
1954.....	32,709,615	148,183	7,175,090	887,816	257,364	452,958	712,252
1955.....	33,034,952	149,950	7,313,951	1,144,347	250,503	453,918	958,849

¹ Includes investment of operating, lessor, and proprietary companies. Proprietary companies do not render annual reports to the Commission but information concerning them is given in reports of the operating companies.

² Includes amortization of defense projects.

³ Classes I, II, and III line-haul railways.

⁴ Includes amounts received as interest or dividends on railroad securities owned by reporting carriers. See Transport Statistics in the United States, table 109. Figures represent classes I, II, and III line-haul railways.

⁵ The interest included represents accruals, not payments. In 1955, the interest payments on unmatured funded debt and long-term debt in default in excess of accruals was \$5,379,697 for class I steam railways. Figures represent classes I, II, and III line-haul railways.

⁶ Includes investment of lessor and proprietary companies, as follows, but excludes investment of proprietary companies in systems which file consolidated annual reports combining the mileage, investment and other items on a net system basis:

Year	Lessor companies	Proprietary companies	Year	Lessor companies	Proprietary companies
	<i>Thousands</i>	<i>Thousands</i>		<i>Thousands</i>	<i>Thousands</i>
1945.....	\$3,632,499	\$806,153	1950.....	\$3,407,102	\$616,495
1946.....	3,545,819	758,181	1951.....	3,258,907	617,846
1947.....	3,507,365	761,297	1952.....	3,173,506	594,910
1948.....	3,405,052	740,229	1953.....	2,289,075	551,485
1949.....	3,503,617	623,316	1954.....	2,274,593	522,611
			1955.....	2,243,939	521,665

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TABLE VI.—Operating revenues, operating expenses, and taxes: Class I line-haul railways, 1945-55

Year ended Dec. 31—	Operating revenues	Freight revenues	Passenger revenues	Operating expenses	Railway tax accruals ¹			Ratio of total operating expenses to total operating revenues
					U. S. Government taxes	Other than U. S. Government taxes	Total	
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>
1945.....	\$8,902,248	\$6,533,767	\$1,716,379	\$7,051,627	\$551,004	\$275,571	\$826,575	79.21
1946.....	7,627,651	5,786,556	1,259,169	6,357,415	243,831	256,159	499,990	83.35
1947.....	8,684,918	7,041,185	963,322	6,797,265	655,849	282,528	938,377	78.27
1948.....	9,671,722	7,976,285	964,303	7,472,035	723,325	307,466	1,030,791	77.26
1949.....	8,580,142	7,043,240	860,744	6,891,819	519,517	314,910	834,427	80.32
1950.....	9,473,093	7,817,263	813,417	7,059,276	868,037	328,226	1,196,263	74.52
1951.....	10,390,611	8,634,101	900,310	8,041,277	858,106	347,646	1,205,752	77.39
1952.....	10,580,762	8,788,635	906,185	8,052,518	908,729	355,535	1,264,264	76.11
1953.....	10,664,169	8,950,522	841,962	8,135,229	824,704	362,722	1,187,426	76.29
1954.....	9,370,826	7,797,885	767,283	7,384,499	500,788	361,801	862,589	78.80
1955.....	10,106,330	8,538,286	742,945	7,646,418	702,765	379,602	1,082,367	75.66

¹ Includes lessor companies.

TABLE VII.—Number and compensation of employees: Class I line-haul railways 1945-55

Year ended Dec. 31—	Average number of employees during year ¹	Total hours paid for	Compensation of railway employees ²			
			Total	Average per hour	Ratio to revenues	Ratio to expenses
		<i>Thousands</i>	<i>Thousands</i>		<i>Percent</i>	<i>Percent</i>
1945.....	1,419,505	3,979,637	\$3,862,001	\$0.970	43.38	54.77
1946.....	1,359,263	3,632,338	4,170,767	1.148	54.68	65.60
1947.....	1,351,863	3,613,296	4,352,047	1.204	50.11	64.03
1948.....	1,326,697	3,545,081	4,768,828	1.345	49.31	63.82
1949.....	1,192,019	3,018,736	4,418,790	1.464	51.50	64.12
1950.....	1,220,401	2,876,591	4,594,423	1.597	48.50	65.08
1951.....	1,275,744	2,978,870	5,272,975	1.770	50.75	65.57
1952.....	1,226,421	2,845,217	5,326,804	1.872	50.34	66.15
1953.....	1,205,966	2,777,235	5,324,951	1.917	49.93	65.46
1954.....	1,064,337	2,467,515	4,853,660	1.967	51.80	65.73
1955.....	1,057,866	2,502,608	4,992,235	1.995	49.40	65.29

¹ This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month of year regardless of whether for a long or short period.

² In 1955, \$4,751,612 (thousands) or 95.18 percent of the reported compensation, was chargeable to operating expenses.

TABLE VIII.—Freight transportation service performed by line-haul railways, 1945-55

Year ended Dec. 31—	Revenue tons originated	Revenue tons carried 1 mile	Loaded car miles	Average haul		Average amount received for each ton originated	Revenue per ton-mile
				United States as a system	For the individual road		
	<i>Thousands</i>	<i>Millions</i>	<i>Millions</i>	<i>Miles</i>	<i>Miles</i>		<i>Cents</i>
1945.....	1,493,314	684,148	22,669	458.14	230.21	\$4.431	0.967
1946.....	1,431,936	594,943	20,340	415.48	217.54	4.097	.986
1947.....	1,613,148	657,878	21,490	407.82	216.45	4.427	1.085
1948.....	1,580,480	641,104	20,746	405.64	213.85	5.121	1.262
1949.....	1,284,197	529,111	17,948	412.02	218.18	5.569	1.352
1950.....	1,420,891	591,550	19,736	416.32	218.21	5.584	1.341
1951.....	1,547,238	649,631	20,709	419.99	220.97	5.660	1.348
1952.....	1,447,410	617,941	19,919	426.93	223.11	6.159	1.443
1953.....	1,447,655	608,964	19,863	420.66	221.86	6.271	1.491
1954.....	1,279,267	552,197	18,239	431.65	227.81	6.187	1.433
1955.....	1,455,625	626,892	20,226	430.67	227.88	6.953	1.382

TABLE IX.—*Carload, trainload, and density of traffic: Class I line-haul railways, 1945-55*

Year ended Dec. 31—	Ton-mile revenue and nonrevenue freight per loaded freight-car mile	Revenue ton-miles per train-mile	Passenger-miles per car-mile	Passenger-miles per train-mile	Revenue ton-miles per mile of road	Passenger-miles per mile of road
1945.....	32.18	1,058	30	191	2,979,597	408,333
1946.....	31.24	1,016	25	144	2,596,647	288,945
1947.....	32.56	1,076	21	111	2,869,909	204,854
1948.....	32.88	1,104	19	101	2,808,728	184,701
1949.....	31.29	1,068	18	92	2,321,799	157,929
1950.....	31.63	1,157	17	89	2,598,236	143,285
1951.....	32.87	1,238	18	97	2,860,589	156,771
1952.....	32.42	1,236	18	99	2,722,052	154,299
1953.....	31.97	1,243	18	95	2,687,176	143,889
1954.....	31.26	1,240	17	92	2,440,924	133,993
1955.....	31.97	1,322	18	95	2,773,638	131,272

TABLE X.—*Passenger transportation service performed by line-haul railways, 1945-55*

Year ended Dec. 31—	Passengers carried	Passenger-miles	Average journey per passenger ¹	Average receipts per passenger	Revenue per passenger-mile
	<i>Millions</i>	<i>Millions</i>	<i>Miles</i>		<i>Cents</i>
1945.....	897	91,826	102.33	\$1.916	1.872
1946.....	795	64,754	81.47	1.587	1.948
1947.....	707	45,972	65.07	1.366	2.099
1948.....	646	41,224	63.86	1.496	2.342
1949.....	557	35,133	63.11	1.549	2.454
1950.....	488	31,790	65.14	1.669	2.563
1951.....	485	34,640	71.35	1.856	2.601
1952.....	471	34,033	72.26	1.925	2.664
1953.....	458	31,679	69.13	1.839	2.660
1954.....	441	29,310	66.50	1.742	2.620
1955.....	433	28,548	65.88	1.716	2.605

¹ This average is affected by the changing ratio of commutation traffic to the total traffic.

TABLE XI.—*Fuel consumed by motive-power units, and rails and ties laid: Class I line-haul railways, 1945-55*

Year ended Dec. 31—	Bituminous coal (net tons)	Anthracite coal (net tons)	Fuel oil (thousands of gallons)	Diesel oil (thousands of gallons)	Electricity (thousands kilowatt-hours)	Rails applied in replacement and betterment (all tracks) (long tons)	Ties laid in previously constructed tracks	
							Cross ties (number)	Switch and bridge ties (feet (b. m.))
1945.....	115,153,596	138,920	4,422,290	413,149	2,651,910	2,955,736	43,912,213	130,520,278
1946.....	100,485,542	145,352	3,877,905	513,541	2,582,600	2,302,099	37,562,383	106,204,525
1947.....	100,437,382	41,937	3,797,387	725,631	2,571,461	2,531,858	37,289,473	108,159,083
1948.....	88,001,197	99,477	3,367,373	1,080,266	2,543,240	2,454,355	36,842,371	119,932,243
1949.....	62,230,168	50,991	2,550,351	1,412,330	2,285,191	2,209,032	30,285,046	107,792,738
1950.....	55,410,450	41,138	2,284,443	1,827,175	2,260,448	2,190,516	30,493,607	98,399,781
1951.....	48,310,890	6,721	2,044,300	2,267,675	2,286,823	2,058,897	29,061,560	92,798,640
1952.....	32,884,858	388	1,505,068	2,653,579	2,237,481	1,835,090	30,331,899	96,917,440
1953.....	23,402,084	78	995,199	2,980,008	2,135,968	2,057,492	29,808,949	99,791,974
1954.....	12,701,746	49	466,780	3,121,244	2,044,607	1,710,740	23,173,611	85,346,254
1955.....	11,427,313	-----	375,580	3,393,103	2,082,350	1,890,002	24,149,169	79,098,327

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TABLE XII.—Selected data from annual reports of class I line-haul railways, 1955 and 1954 by districts

Item	All districts		Eastern district including Pocahontas region	
	Year ended Dec. 31—			
	1955	1954	1955	1954
Railway operating revenues (thousands)	\$10, 106, 330	\$9, 370, 826	\$4, 398, 352	\$3, 959, 941
Railway operating expenses:				
Total (thousands)	\$7, 646, 418	\$7, 384, 499	\$3, 390, 639	\$3, 212, 986
Maintenance of way and structures (thousands)	\$1, 387, 494	\$1, 351, 855	\$538, 587	\$522, 317
Maintenance of equipment (thousands)	\$1, 787, 739	\$1, 730, 316	\$796, 026	\$756, 982
Transportation—Rail line (thousands)	\$3, 769, 856	\$3, 622, 535	\$1, 763, 097	\$1, 656, 189
Net railway operating income (thousands)	\$1, 127, 997	\$874, 018	\$481, 454	\$334, 609
Freight-service statistics:				
Freight revenue (thousands)	\$8, 542, 027	\$7, 801, 200	\$3, 620, 051	\$3, 183, 530
Revenue tons originated (thousands)	1, 393, 214	1, 223, 969	631, 707	535, 420
Total revenue tons carried (thousands)	2, 612, 065	2, 297, 996	1, 304, 804	1, 117, 106
Revenue tons carried 1 mile (thousands)	623, 614, 866	549, 258, 800	256, 701, 304	215, 125, 368
Revenue per ton-mile (cents)	1.37	1.42	1.41	1.48
Revenue ton-miles per mile of road	2, 773, 638	2, 440, 924	4, 211, 042	3, 518, 876
Freight train-miles (thousands)	476, 444	447, 122	177, 428	158, 767
Revenue ton-miles per train-mile	1, 322	1, 240	1, 468	1, 373
Loaded car-miles (thousands)	20, 131, 047	18, 152, 123	7, 390, 892	6, 439, 616
Empty car-miles (thousands)	11, 066, 541	10, 631, 221	4, 307, 711	4, 021, 412
Ton-miles revenue and nonrevenue freight per loaded car-mile	31.97	31.26	35.42	34.11
Average haul per road (miles)	237.58	239.02	194.80	192.57
Passenger-service statistics:				
Passenger revenue (thousands)	\$742, 933	\$767, 287	\$413, 566	\$425, 251
Passengers carried (thousands)	431, 999	439, 356	312, 242	320, 021
Passenger-miles (thousands)	28, 525, 744	29, 286, 008	14, 158, 381	14, 595, 361
Revenue per passenger-mile (cents)	2.60	2.62	2.92	2.91
Passenger-miles per mile of road	131, 272	133, 993	247, 962	253, 863
Average journey per passenger (miles)	66.03	66.66	45.34	45.61
Passenger-miles per train-mile	95	92	111	110

Item	Southern region		Western district	
	Year ended Dec. 31—			
	1955	1954	1955	1954
Railway operating revenues (thousands)	\$1, 417, 645	\$1, 362, 775	\$4, 290, 333	\$4, 048, 110
Railway operating expenses:				
Total (thousands)	\$1, 031, 969	\$1, 035, 679	\$3, 223, 811	\$3, 135, 834
Maintenance of way and structures (thousands)	\$209, 923	\$215, 838	\$638, 983	\$613, 700
Maintenance of equipment (thousands)	\$251, 402	\$250, 911	\$740, 311	\$722, 423
Transportation—Rail line (thousands)	\$470, 355	\$468, 852	\$1, 536, 404	\$1, 497, 494
Net railway operating income (thousands)	\$197, 103	\$161, 025	\$449, 440	\$378, 384
Freight-service statistics:				
Freight revenue (thousands)	\$1, 212, 785	\$1, 153, 956	\$3, 709, 191	\$3, 463, 714
Revenue tons originated (thousands)	246, 228	228, 785	515, 279	459, 764
Total revenue tons carried (thousands)	436, 595	403, 672	870, 666	777, 218
Revenue tons carried 1 mile (thousands)	90, 444, 291	82, 601, 035	276, 469, 271	251, 532, 397
Revenue per ton-mile (cents)	1.34	1.40	1.34	1.38
Revenue ton-mile per mile of road	2, 433, 522	2, 217, 775	2, 182, 903	1, 987, 029
Freight train-miles (thousands)	70, 064	70, 404	228, 951	217, 951
Revenue ton-miles per train-mile	1, 300	1, 181	1, 217	1, 162
Loaded car-miles (thousands)	2, 870, 408	2, 681, 410	9, 869, 747	9, 031, 097
Empty car-miles (thousands)	1, 591, 471	1, 590, 246	5, 167, 359	5, 019, 563
Ton-miles revenue and nonrevenue freight per loaded car-mile	32.78	32.16	29.14	28.97
Average haul per road (miles)	207.20	204.62	317.55	323.63
Passenger-service statistics:				
Passenger revenue (thousands)	\$91, 968	\$95, 396	\$237, 399	\$246, 640
Passengers carried (thousands)	40, 056	40, 605	79, 700	78, 730
Passenger-miles (thousands)	3, 541, 652	3, 652, 481	10, 825, 711	11, 038, 166
Revenue per passenger-mile (cents)	2.60	2.61	2.19	2.23
Passenger-miles per mile of road	98, 984	101, 017	87, 007	88, 367
Average journey per passenger (miles)	88.42	89.95	135.83	140.20
Passenger-miles per train-mile	86	80	83	79

B. Statistics From Monthly and Other Periodical Reports of Carriers**TABLE A.—Analysis of operating revenues, expenses, and income, class I steam railways, excluding switching and terminal companies, 1956-55**

Item	8 months, January to August, inclusive		Calendar year
	1956	1955	1955
Operating revenues:			
Freight.....	\$5,898,750,810	\$5,564,757,101	\$8,538,286,192
Passenger.....	512,124,185	499,582,183	742,944,763
Mall.....	181,004,455	179,723,051	286,949,712
Express.....	73,270,633	75,197,179	118,449,840
All other.....	289,082,899	270,808,353	419,699,084
Total.....	6,954,232,982	6,590,067,867	10,106,329,591
Percent of total:			
Freight.....	84.82	84.44	84.49
Passenger.....	7.37	7.58	7.35
Mall.....	2.60	2.73	2.84
Express.....	1.05	1.14	1.17
All other.....	4.16	4.11	4.15
Operating expenses:			
Maintenance of way and structures.....	\$943,628,292	\$902,778,228	\$1,387,493,555
Maintenance of equipment.....	1,262,620,538	1,166,494,947	1,787,739,258
Traffic.....	168,957,148	155,479,634	235,497,424
Transportation.....	2,662,413,068	2,439,477,714	3,769,856,472
General.....	261,655,525	231,663,929	357,441,514
All other.....	75,344,583	72,145,219	108,390,037
Total.....	5,374,619,154	4,968,039,671	7,646,418,260
Percent of total:			
Maintenance of way and structures.....	17.56	18.17	18.15
Maintenance of equipment.....	23.49	23.48	23.38
Traffic.....	3.14	3.13	3.08
Transportation.....	49.54	49.11	49.30
General.....	4.87	4.66	4.67
All other.....	1.40	1.45	1.42
Railway tax accruals.....	\$731,401,365	\$719,134,174	\$1,080,412,877
Equipment rents—debit.....	143,887,792	142,554,044	210,383,406
Joint facility rents—debit.....	28,695,875	27,725,835	41,118,169
Net railway operating income.....	675,628,796	732,614,143	1,127,996,879
Other income.....	167,944,515	157,627,471	270,817,414
Interest, rents, and other deductions.....	313,803,783	311,305,272	473,748,055
Net income.....	529,769,528	578,936,342	925,066,238

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TABLE B.—*Selected operating averages in freight and passenger service of class I steam railways in the United States, 1956-55*

Item	8 months, January to August, inclusive		Calendar year
	1956	1955	1955
Average miles of road operated, freight service.....	222,330	222,354	223,728
Average miles of road operated, passenger service.....	117,233	120,944	120,630
Net ton-miles per mile of road per day.....	8,117	7,765	7,922
Percent of freight locomotives unserviceable.....	12.0	14.4	14.0
Percent of freight cars unserviceable.....	3.9	5.7	5.2
Percent of loaded of total car-miles.....	64.1	64.4	64.5
Percent eastbound or northbound of loaded car-miles.....	56.0	55.7	55.7
Car-miles per car-day.....	44.8	43.7	44.5
Net ton-miles per car-day.....	942	899	923
Net ton-miles per loaded car-mile.....	32.8	31.9	32.2
Car-miles per train-mile.....	66.8	66.3	66.1
Gross ton-miles per train-mile (excluding locomotives and tenders).....	3,078	3,020	3,023
Net ton-miles per train-mile (including nonrevenue tons).....	1,405	1,364	1,372
Average miles per hour, trains in freight service.....	18.6	18.7	18.6
Pounds of coal per 1,000 gross ton-miles (including locomotives and tenders).....	100	99	101
Average cost of coal per ton (including freight charges).....	\$5.60	\$5.29	\$5.33
Gallons of diesel oil per 1,000 gross ton-miles (including locomotives).....	1.67	1.67	1.68
Average cost of diesel oil per gallon (including freight charges).....	\$0.1016	\$0.0990	\$0.0981
Revenue per ton-mile.....	\$0.01386	\$0.01377	\$0.01370
Average haul per revenue ton per railroad.....	239.9	241.7	238.2
Number of freight-train miles.....	316,760,969	310,903,032	476,675,047
Number of passenger-train miles.....	195,047,873	199,853,904	298,842,936
Number of passenger-train car-miles.....	1,933,719,167	1,962,204,103	2,947,815,747
Passenger-train cars per train.....	9.91	9.82	9.86
Revenue per passenger per mile:			
Including commutation passengers.....	\$0.0267	\$0.0259	\$0.0260
Excluding commutation passengers.....	\$0.0276	\$0.0269	\$0.0270

TABLE C.—*Average number of employees and total compensation, by groups of employees, class I steam railways, excluding switching and terminal companies, 1956-55*

Group of employees	Calendar year 1955		8 months, January to August, inclusive	
	Average number of employees middle of month	Total compensation	Average number of employees middle of month	
			1956	1955
I. Executives, officials, and staff assistants.....	16,074	\$159,021,174	16,288	15,984
II. Professional, clerical, and general.....	196,718	873,224,312	196,978	195,952
III. Maintenance of way and structures.....	196,980	727,523,390	187,111	194,038
IV. Maintenance of equipment and stores.....	273,155	1,153,097,194	269,246	268,344
V. Transportation (other than train, engine, and yard).....	125,552	540,127,833	122,310	124,911
VI. (a) Transportation (yardmasters, switch tenders, and hostlers).....	14,196	87,786,145	14,441	14,133
VI. (b) Transportation (train and engine service).....	235,541	1,452,876,178	241,820	231,107
All employees.....	1,058,216	4,993,662,226	1,048,194	1,044,469

TABLE D.—*Carloads and tons of revenue freight originated and freight revenue, by commodities, calendar year 1955 class I steam railways*

Commodity groups	Number of carloads	Number of tons (2,000 pounds)	Freight revenue
Products of agriculture:			
Wheat.....	609,898	33,187,546	\$204,016,547
Corn.....	372,638	19,828,413	107,667,503
Other grains.....	365,192	17,163,361	110,087,189
Flour, wheat.....	286,154	9,006,841	66,727,797
Other mill products.....	296,070	8,149,722	54,869,573
Cotton in bales.....	193,876	3,762,157	55,682,017
Citrus fruits.....	71,999	1,514,808	49,571,099
Other fresh fruits.....	220,314	2,982,683	98,109,234
Potatoes, other than sweet.....	196,050	3,710,768	76,648,460
Other fresh vegetables.....	225,054	2,859,338	108,985,135
Sugar beets.....	166,253	7,375,665	9,612,587
All other.....	722,488	24,248,208	191,514,709
Total.....	3,725,986	133,789,510	1,133,491,850
Animals and products:			
Live animals.....	418,949	4,480,682	85,589,489
Meats and other edible packinghouse products.....	317,814	4,618,191	138,016,526
Poultry, live and dressed.....	4,537	83,520	2,976,157
Dairy products.....	52,039	960,532	20,038,114
Wool and mohair.....	14,421	238,452	7,271,799
Hides and leather.....	35,927	964,986	19,774,950
All other.....	58,832	1,814,510	20,735,208
Total.....	902,519	13,160,873	294,402,243
Products of mines:			
Anthracite coal ¹	367,309	20,661,437	68,806,678
Bituminous coal.....	5,914,032	352,814,510	1,142,606,038
Coke.....	624,322	20,917,648	69,347,963
Iron ore.....	1,843,370	123,051,011	226,728,869
Other ores and concentrates.....	299,160	18,500,309	76,422,854
Gravel and sand.....	1,220,593	73,980,215	113,778,535
Stone and rock: Broken, ground, and crushed.....	942,922	55,721,786	84,900,844
Fluxing stone and raw dolomite.....	303,193	19,887,509	33,744,384
Crude petroleum.....	75,510	2,828,541	11,496,624
Phosphate rock.....	299,707	18,830,095	48,221,962
All other.....	1,041,939	54,799,758	245,371,033
Total.....	12,832,057	761,992,733	2,121,425,784
Products of forests:			
Logs, butts, and bolts.....	311,411	11,578,756	16,505,038
Posts, poles, and piling, wooden.....	102,323	3,019,562	28,094,651
Pulpwood.....	793,461	34,065,703	61,865,238
Lumber, shingles, and lath.....	757,656	23,754,794	464,667,556
All other.....	351,518	10,165,761	115,688,060
Total.....	2,316,369	82,584,576	686,820,543
Manufactures and miscellaneous:			
Refined petroleum products.....	1,226,358	34,727,222	277,043,479
Vegetable oils.....	105,965	3,160,827	44,381,288
Chemicals.....	639,597	27,270,626	307,474,745
Fertilizers, n. o. s.....	326,747	14,010,912	86,026,078
Metals and alloys, other than iron and steel.....	146,049	6,152,221	107,882,446
Pig iron.....	103,450	5,962,019	25,056,073
Semi-finished iron and steel.....	317,320	18,386,622	68,611,848
Manufactured iron and steel.....	1,269,643	49,361,906	476,940,833
Vehicles and parts, motor and other.....	1,076,174	16,174,393	461,185,037
Cement, natural and portland.....	652,679	34,268,218	146,398,668
Paper and paper products.....	1,093,874	27,627,872	410,490,103
Alcoholic beverages.....	142,146	4,218,106	73,074,454
Sugar.....	121,003	5,020,320	48,294,737
Food products, n. o. s., in cans and packages, not frozen.....	435,448	11,116,671	188,582,976
Feed, animal and poultry, n. o. s.....	651,520	17,183,996	88,383,294
Containers, metal, wooden, and paper.....	494,785	6,001,858	91,810,540
Scrap iron and steel.....	549,501	25,580,883	94,533,030
All other.....	3,164,133	86,367,351	1,223,575,502
Total.....	12,516,392	392,592,023	4,219,745,131
Forwarder traffic.....	468,384	5,226,589	201,590,472
Grand total carload traffic.....	32,761,707	1,389,346,304	8,657,476,023
All l. c. l. freight.....		6,992,917	280,912,341
Grand total, carload and l. c. l.....		1,396,339,221	8,938,388,364

¹ Excludes coal to breakers and washeries.

TABLE E.—*Summary of casualties to persons on steam railways in the United States, for the years ended December 31, 1955, 1954, 1953, 1952, and 1951*

Class of persons	Number of persons									
	Killed					Injured				
	1955	1954	1953	1952	1951	1955	1954	1953	1952	1951
1. Trespassers.....	779	777	939	963	1,049	674	722	789	798	816
2. Employees:										
Trainmen on duty.....	132	98	157	191	219	9,375	8,072	9,590	10,537	12,226
Other employees.....	96	82	106	113	116	1,217	1,317	1,346	1,357	1,584
Total employees.....	228	180	263	304	335	10,592	9,389	10,936	11,894	13,810
3. Passengers on trains.....	17	21	43	12	142	2,211	2,181	2,467	1,992	3,134
4. Travelers not on trains.....	3	5	4	7	2	41	63	28	51	43
5. Persons carried under contract.....	1		3	4	10	214	213	196	200	207
6. Other nontrespassers.....	1,547	1,380	1,553	1,503	1,669	4,307	3,725	4,117	4,281	4,597
Total, train and train-service accidents (1 to 6)	2,575	2,363	2,805	2,793	3,207	18,039	16,293	18,533	19,216	22,607
7. Casualties in nontrain accidents.....	92	112	125	133	151	9,793	9,246	10,666	10,770	11,830
Total, 1 to 7.....	2,667	2,475	2,930	2,926	3,358	27,832	25,539	29,199	29,986	34,437
8. Casualties at grade crossings ¹	1,446	1,303	1,494	1,407	1,578	4,014	3,426	3,815	3,904	4,335
9. Casualties excluded from all totals ²	94	100	109	85	101	8	8	15	15	17

¹ Included in total for items 1 to 6, and distributed under various heads, chiefly item 6.² Figures related to suicides, persons mentally deranged, and persons attempting to escape custody.

TABLE F.—*Revenues, expenses, and income of large motor carriers¹ of property for the calendar year 1955 compared with those of the same carriers for 1954²*

Item	Total carriers reported	
	1955	1954
INTERCITY CARRIERS		
Number of carriers represented.....	783	783
Revenues:		
Freight revenue—Intercity—Common carrier.....	\$2,981,797,046	\$2,594,648,252
Freight revenue—Intercity—Contract carrier.....	164,268,372	136,600,164
Freight revenue—Local service.....	30,896,195	24,822,915
Revenue—Transportation for other class I motor carriers.....	22,040,676	14,422,726
Other operating revenue.....	17,509,244	14,161,141
Total operating revenues.....	3,216,511,533	2,784,655,198
Expenses:		
Equipment maintenance and garage expense.....	325,069,708	290,837,175
Transportation expense.....	1,601,569,683	1,367,861,821
Terminal expense.....	414,198,280	366,717,455
Traffic expense.....	96,108,428	85,214,544
Insurance and safety expense.....	143,769,357	132,751,381
Administrative and general expense.....	213,913,615	186,318,333
Total operation and maintenance expenses.....	2,794,629,071	2,429,700,709
Depreciation expenses.....	131,274,344	116,715,658
Depreciation adjustment.....	12,261,252	6,911,358
Amortization chargeable to operations.....	33,539	106,317
Operating taxes and licenses.....	168,879,648	147,659,858
Total expenses.....	3,082,555,350	2,687,271,184
Operating ratio (percent).....	95.8	96.5
Net operating revenue.....	\$133,956,183	\$97,384,014
Other income.....	9,874,573	8,833,409
Other deductions.....	23,362,140	20,319,006
Net income before income taxes.....	120,468,616	85,898,417
Net income after income taxes ³	63,329,193	43,271,764
LOCAL CARRIERS		
Number of carriers represented.....	67	67
Total operating revenues.....	\$183,761,401	\$159,054,705
Total expenses.....	175,415,327	152,713,099
Operating ratio (percent).....	95.5	96.0
Net operating revenue.....	\$8,346,074	\$6,341,606
Other income.....	2,915,639	2,236,497
Other deductions.....	1,076,790	800,562
Net income before income taxes.....	10,184,923	7,777,541
Net income after income taxes ³	6,005,985	4,578,579

¹ Large motor carriers are those having average gross operating revenues of \$1,000,000 or over annually.

² This table does not include the reports of 10 carriers that failed to furnish complete reports. The total figures for these 10 carriers amounted to the following for the 12-month period: Operating revenues, \$24,435,063; Operation and maintenance expenses, \$20,275,329; Other expenses, \$2,225,683; Total expenses, \$22,501,012; Net operating revenue, \$1,934,051; Net income before income taxes, \$1,884,733; Net income after income taxes,³ \$1,334,704.

³ Net income is overstated to the extent that income taxes are reported by corporations only. Income taxes of sole proprietorships and partnerships involve factors that do not arise from motor-carrier operations and therefore, are not reported to the Commission.

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TABLE G.—Revenues, expenses, and income of class I motor carriers¹ of passengers for the calendar year 1955 compared with those of the same carriers for 1954²

Item	Total carriers reported	
	1955	1954
INTERCITY CARRIERS		
Number of carriers represented.....	153	153
Operating revenues:		
Passenger revenue—Intercity schedules.....	\$301,343,421	\$305,089,714
Passenger revenue—Local and suburban schedules.....	19,825,557	19,795,507
Passenger revenue—Charter or special service.....	22,978,391	22,041,544
Other operating revenue.....	25,762,168	22,824,139
Total operating revenues.....	369,909,537	369,750,904
Operating expenses:		
Equipment maintenance and garage expense.....	61,586,253	61,515,266
Transportation expense.....	120,041,440	120,981,499
Station expense.....	42,127,019	42,028,685
Traffic, solicitation, and advertising expense.....	13,761,195	13,306,615
Insurance and safety expense.....	12,199,511	12,295,366
Administrative and general expense.....	26,780,054	26,994,825
Total operation and maintenance expenses.....	276,495,472	277,122,256
Depreciation expenses.....	27,825,025	26,477,229
Amortization chargeable to operations.....	9,823	19,175
Operating taxes and licenses.....	31,107,765	30,691,327
Operating rents—net.....	3,547,789	4,014,307
Total expenses.....	338,985,879	338,324,294
Operating ratio (percent).....	91.6	91.5
Net operating revenue.....	\$30,923,658	\$31,426,610
Other income.....	1,248,297	1,854,224
Other deductions.....	2,927,383	2,611,229
Net income before income taxes.....	29,244,572	30,669,605
Net income after income taxes ³	14,841,759	14,674,905
LOCAL CARRIERS		
Number of carriers represented.....	58	58
Total operating revenues.....	\$107,958,460	\$111,550,035
Total expenses.....	106,437,603	110,352,765
Operating ratio (percent).....	98.6	98.9
Net operating revenue.....	\$1,520,857	\$1,197,270
Other income.....	1,315,460	1,114,995
Other deductions.....	1,191,743	1,257,704
Net income before income taxes.....	1,644,574	1,054,516
Net income after income taxes ³	334,294	7,661

¹ Class I motor carriers are those having average gross operating revenues of \$200,000 or over annually.² This table does not include the reports of 4 carriers that failed to furnish complete reports. The total figures for these 4 carriers amounted to the following for the 12-month period: Operating revenues, \$1,479,061; Operation and maintenance expenses, \$1,197,868; Other expenses, \$241,639; Total expenses, \$1,439,507; Net operating revenue, \$39,554; Net income before income taxes, \$32,905; Net income after income taxes,³ \$24,055.³ Net income is overstated to the extent that income taxes are reported by corporations only. Income taxes of sole proprietorships and partnerships involve factors that do not arise from motor-carrier operations and therefore are not reported to the Commission.

TABLE H.—*Revenues, expenses, and statistics of freight forwarders for the years 1955 and 1954*¹

Item	Total carriers reported	
	1955	1954
Number of forwarders represented.....	60	60
Operating revenues:		
Transportation revenue.....	\$401,740,110	\$362,977,695
Transportation purchased—dr.:		
Railroad transportation.....	205,471,963	186,685,400
Motor transportation.....	48,281,053	43,780,259
Water transportation.....	2,146,488	2,289,098
Pickup, delivery, and transfer service.....	46,132,929	39,967,627
Other transportation purchased.....	794,154	633,498
Total transportation purchased.....	302,826,587	273,355,882
Forwarder revenue from transportation.....	98,913,523	89,621,813
Incidental revenues.....	2,332,222	2,034,930
Total operating revenues.....	101,245,745	91,656,743
Operating expenses:		
Salaries, wages, and expenses of employees.....	52,782,598	48,842,821
Paid to others for services rendered.....	22,094,192	19,476,018
Operating rents.....	4,138,534	3,810,036
Communications and postage.....	3,668,021	3,266,456
Payroll taxes.....	2,017,171	1,813,393
All other operating expenses.....	8,944,225	7,970,303
Total operating expenses.....	93,644,741	85,179,027
Income items:		
Revenue from forwarder operations.....	7,601,004	6,477,716
Transportation tax accruals.....	191,351	162,009
Revenue, less taxes, from forwarder operations.....	7,409,653	6,315,707
Other income.....	4,247,665	3,136,019
Total income.....	11,657,318	9,451,726
Miscellaneous deductions from income.....	4,150,071	2,992,849
Net income before fixed charges and income taxes.....	7,507,247	6,458,877
Fixed charges:		
Interest on long-term debt.....	10,461	12,635
Other fixed charges.....	64,290	52,966
Total fixed charges.....	74,751	65,601
Net income before provisions for income taxes.....	7,432,496	6,393,276
Provisions for income taxes.....	2,690,194	2,698,214
Net income.....	4,742,302	3,695,062
Statistics:		
Tons of freight received from shippers.....	4,708,222	4,243,903
Number of shipments received from shippers.....	25,335,011	23,133,990

¹ Confined to forwarders having gross revenues of \$100,000 or more per annum.

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TABLE I.—*Selected statistics of private car owners,¹ year 1955*

Item	Refrigerator cars	Tank cars		Other cars ²	Total
		Petroleum	Other		
Cars owned at close of year.....	104, 568	124, 809	25, 727	36, 891	291, 995
Serviceable cars.....	99, 415	120, 537	25, 105	36, 530	281, 587
Unserviceable cars.....	5, 153	4, 272	622	361	10, 408
Miles made by owned cars (thousands):					
Loaded.....	1, 979, 321	963, 659	170, 575	98, 952	3, 212, 507
Empty.....	1, 522, 577	961, 354	172, 273	83, 254	2, 739, 458
Not separable.....	144, 876	42, 736	24, 373	11, 214	223, 199
Total.....	3, 646, 774	1, 967, 749	367, 221	193, 420	6, 175, 164
Revenue receivable, on (thousands)—					
Car mileage basis.....	\$144, 336	\$58, 526	\$10, 997	\$5, 687	\$219, 546
Car rental basis.....	2, 822	19, 399	1, 309	14, 369	37, 899
Other car service basis.....	42	4	271	3	320
Total.....	147, 200	77, 929	12, 577	20, 059	257, 765

¹ Confined to owners of 10 or more cars. Compiled from reports of 220 owners.

² Includes such cars as stock, gondola, hopper, airdump, box, cradle, flat, vat, et cetera.

TABLE J.—*Selected financial and operating data of oil pipeline companies, 1955, 1954, and 1953*

Item	1955	1954	1953
Miles of line operated:			
Gathering lines.....	50, 645	50, 689	50, 030
Trunk lines.....	89, 729	88, 273	83, 870
Investment in carrier property.....	\$2, 585, 565, 426	\$2, 501, 329, 521	\$2, 311, 885, 051
Capital stock ¹	\$331, 144, 492	\$325, 693, 223	\$319, 348, 894
Funded debt unmatured ¹	\$950, 854, 359	\$939, 904, 014	\$857, 893, 898
Accrued depreciation—Carrier property ²	\$857, 324, 462	\$802, 150, 381	\$811, 610, 367
Operating revenues.....	\$677, 604, 517	\$617, 462, 931	\$591, 185, 667
Operating expenses.....	\$346, 985, 201	\$331, 834, 181	\$324, 934, 509
Pipeline taxes:			
U. S. Government taxes.....	\$128, 095, 428	\$112, 794, 704	\$116, 297, 216
Other than U. S. Government taxes.....	\$26, 266, 636	\$22, 988, 686	\$21, 010, 450
Pipeline operating income.....	\$176, 257, 252	\$149, 845, 360	\$128, 943, 492
Net income.....	\$153, 334, 200	\$124, 408, 761	\$109, 046, 296
Dividend appropriations ¹	\$101, 267, 355	\$74, 771, 716	\$56, 984, 164
Number of barrels of oil received into system.....	4, 057, 925, 296	3, 702, 624, 701	3, 637, 755, 638
Number of barrel-miles (trunklines):			
Crude oil (thousands).....	839, 009, 465	782, 219, 391	755, 997, 975
Refined oils (thousands).....	204, 886, 356	182, 702, 180	161, 228, 916
Total employees:			
Average number.....	24, 974	25, 760	26, 896
Compensation.....	\$141, 960, 298	\$140, 381, 567	\$142, 363, 942

¹ Excludes data for 10 companies in 1955; 9 companies in 1954; and 10 companies in 1953; as the annual reports filed by these companies relate to pipeline departments of large oil companies and these items are not segregated for the pipeline departments.

² Includes "Amortization reserve" as follows: 1955, \$56,281,269; 1954, \$64,085,608; and 1953, \$64,941,777.

TABLE K.—*Revenues and traffic of carriers by water, 1955 and 1954*¹

Item	1955	1954
Freight revenue.....	\$296,118,500	\$251,688,858
Number of tons of revenue freight carried.....	97,083,844	81,445,217
Passenger revenue.....	\$10,139,660	\$9,937,375
Number of revenue passengers carried.....	4,044,311	4,161,680

¹ Compiled from quarterly reports of 125 carriers of classes A and B.TABLE L.—*Selected financial and operating data of electric railways, 1955, 1954, and 1953*

Item	1955	1954	1953
Miles of road operated.....	1,559	1,624	1,667
Investment in road and equipment.....	\$209,807,890	\$221,554,558	\$225,316,841
Capital stock.....	\$79,559,418	\$79,568,218	\$79,618,909
Unmatured funded debt.....	\$15,523,037	\$14,746,971	\$14,267,535
Accrued depreciation—Road and equipment.....	\$46,447,560	\$48,352,323	\$48,918,865
Railway operating revenues:			
Freight revenue.....	\$38,474,566	\$34,585,474	\$40,713,875
Passenger revenue.....	\$9,841,443	\$10,782,185	\$25,293,021
All other revenues.....	\$11,968,474	\$10,623,660	\$12,104,995
Total railway operating revenues.....	\$60,284,483	\$55,996,319	\$78,111,891
Total railway operating expenses.....	\$52,067,219	\$51,344,630	\$68,620,687
Taxes assignable to railway operations:			
Other than U. S. Government taxes.....	\$2,112,088	\$1,892,320	\$2,478,379
U. S. Government taxes.....	\$3,562,177	\$2,965,151	\$4,998,612
Operating income.....	\$2,740,033	\$163,795	\$2,207,509
Net income.....	\$4,565,861	\$1,458,122	\$5,392,106
Dividends declared.....	\$2,223,106	\$1,917,602	\$1,656,572
Employees:			
Average number.....	7,486	7,928	10,605
Compensation.....	\$33,748,856	\$34,120,613	\$44,362,841

APPENDIX B

SUMMARIES SHOWING ACTION TAKEN SINCE THE PERIOD COVERED BY THE LAST ANNUAL REPORT WITH RESPECT TO CASES INVOLVING ORDERS AND REQUIREMENTS OF THE COMMISSION, AND STATUS ON OCTOBER 31, 1956, OF CASES PENDING IN THE COURTS

CASES DECIDED BY THE COURTS SINCE OCTOBER 31, 1955

SUPREME COURT OF THE UNITED STATES

Martin Brothers Box Company v. Interstate Commerce Commission, and Southern Pacific Company, a Corporation.

For case history see 1954 Annual Report, page 145, and 1955 Annual Report, pages 148-149. On November 4, 1955, a motion to set aside the order of the Supreme Court denying a petition for writ of certiorari was filed, and on December 5, 1955, the motion was denied (350 U. S. 909). On April 5, 1956, a petition for writ of certiorari to United States Court of Appeals, Ninth Circuit, was filed, and on May 21, 1956, the petition was denied (351 U. S. 938).

Utah Poultry & Farmers Co-Operative v. United States.

For case history see 1954 Annual Report, pages 139 and 145, and 1955 Annual Report, page 155. On January 9, 1956, the decision of the United States District Court, District of Utah, Central Division, was reversed and the order of the Commission was set aside (350 U. S. 162).

United States v. Union Pacific R. Co.

For case history see 1954 Annual Report, page 146, and 1955 Annual Report, page 156. On June 11, 1956, the judgment of the United States District Court, District of Nebraska, Omaha Division, was reversed and the Commission's order was affirmed (351 U. S. 321).

United States v. Denver & Rio Grande Western R. Co.

For case history see 1955 Annual Report, page 150. On June 11, 1956, the judgment of the United States District Court, District of Colorado, was reversed and the Commission's order was affirmed (351 U. S. 321).

Simon J. Nash v. Interstate Commerce Commission.

For case history see 1954 Annual Report, page 139, and 1955 Annual Report, page 156. On December 10, 1955, the case was docketed on appeal to the Supreme Court, and a petition for writ of certiorari was filed. On January 23, 1956, the petition was denied (350 U. S. 953).

Interstate Commerce Commission v. Stone's Express, Inc.

For case history see 1954 Annual Report, pages 140 and 145, and 1955 Annual Report, page 155. On December 5, 1955, the judgment of the United States District Court, District of Massachusetts, was vacated and the cause was remanded to the District Court for dismissal in accordance with a stipulation of parties as to mootness (350 U. S. 906).

Dixie Carriers v. United States.

For case history see 1955 Annual Report, pages 150 and 156. On April 23, 1956, the judgment of the United States District Court, Southern District of Texas, Houston Division, was reversed, and the Commission's order was permanently enjoined (351 U. S. 56).

Interstate Commerce Commission v. Frozen Food Express.

For case history see 1954 Annual Report, page 148, 1955 Annual Report, page 150, and page 202 of this volume. On April 23, 1956, the judgment of the United States District Court, Southern District of Texas, Houston Division, was reversed and the cause remanded to the District Court for decision on the merits (351 U. S. 40).

Interstate Commerce Commission v. Frozen Food Express.

For case history see 1954 Annual Report, page 148, and 1955 Annual Report, page 150. On April 23, 1956, the judgment of the United States District Court, Southern District of Texas, Houston Division, was affirmed (351 U. S. 49).

United States v. Watson Brothers.

For case history see 1954 Annual Report, page 149, and 1955 Annual Report, page 152. On January 9, 1956, the judgment of the United States District Court,

District of Nebraska, Omaha Division, was affirmed by the Supreme Court *per curiam* (350 U. S. 927).

Atchison, Topeka & Santa Fe Railway v. United States.

For case history see 1954 Annual Report, page 149, and 1955 Annual Report, page 151. On November 14, 1955, the judgment of the United States District Court, Eastern District of Missouri, Eastern Division, was affirmed by the Supreme Court. On January 10, 1956, a petition for rehearing was denied (350 U. S. 892).

United States v. Contract Steel Carriers, Inc.

For case history see 1954 Annual Report, page 150, and 1955 Annual Report, page 150. On March 12, 1956, the judgment of the United States District Court, Northern District of Indiana, Hammond Division, was affirmed, *per curiam* (350 U. S. 409).

Group of Boston & Providence Railroad Corporation Stockholders v. United States.

For case history see 1954 Annual Report, page 151, and 1955 Annual Report, page 151. On January 9, 1956, the judgment of the United States District Court, Eastern District of Virginia, was affirmed (350 U. S. 922), and on March 12, 1956, petition to clarify and set aside judgment of District Court was denied (350 U. S. 985).

V. P. Serodino v. United States.

For case history see 1955 Annual Report, page 151. On December 27, 1955, the case was docketed on appeal to the Supreme Court, and on February 27, 1956, the judgment of the United States District Court, Southern District of Ohio, Western Division, was affirmed (350 U. S. 961). On April 2, 1956, a petition for rehearing was denied (350 U. S. 1009).

Bingler Vacation Tours, Inc. v. United States.

For case history see 1955 Annual Report, page 153. On December 12, 1955, the judgment of the United States District Court, District of New Jersey, was affirmed, *per curiam* (350 U. S. 921).

Southern Kansas Greyhound Lines v. United States.

For case history see 1955 Annual Report, page 157. On February 29, 1956, the case was docketed on appeal to the Supreme Court, and on May 7, 1956, the judgment of the United States District Court, Western District of Missouri, was affirmed (351 U. S. 921).

W. A. Shields v. Atlantic Coast Line R. R. Co.

For case history see 1955 Annual Report, page 156. On February 27, 1956, the judgment of the United States Court of Appeals, Fifth Circuit, was reversed (350 U. S. 318).

State of South Carolina v. United States.

For case history see 1955 Annual Report, page 160, and page 195, this volume. On March 23, 1956, the case was docketed on appeal to the Supreme Court, and on May 28, 1956, the judgment of the United States District Court, Eastern District of South Carolina, was affirmed *per curiam* (351 U. S. 944).

COURT OF APPEALS, THIRD CIRCUIT

Pennsylvania R. R. Co. v. Reading Company.

For case history see 1955 Annual Report, page 156. On November 10, 1955, the judgment of the United States District Court, District of Pennsylvania, was affirmed (226 F. (2d) 958).

DISTRICT COURTS OF THE UNITED STATES

The Baltimore and Ohio R. R. Co. et al., and Interstate Commerce Commission v. The Chicago River & Indiana R. R. Co., et al., and Brotherhood of Railroad Trainmen, northern district of Illinois, eastern division.

For case history see 1949 Annual Report, page 140. On May 28, 1956, the Commission's brief was filed, and on October 15, 1956, a memorandum opinion was entered by the United States District Court, making permanent a preliminary injunction entered on March 14, 1946.

Greyvan Lines, Inc. v. United States, northern district of Illinois, eastern division.

For case history see 1951 Annual Report, page 165. On November 23, 1955, the court granted plaintiff's motion to dismiss.

United States v. Interstate Commerce Commission, District of Columbia.

For case history see 1955 Annual Report, page 157. On December 21, 1955, the Commission's order was sustained (142 F. Supp. 741), and on March 26, 1956, the court denied motion for new trial and dismissed the complaint.

Kentucky Gas Service, Inc. v. Southern Railway Co., western District of Kentucky.

For case history see 1954 Annual Report, page 147, and 1955 Annual Report, page 157. On January 13, 1956, the court sustained the Commission's order and entered findings of fact and conclusions of law (not yet reported) dismissing the complaint.

Hyman Hyatt v. United States, District of Columbia.

For case history see 1954 Annual Report, page 148, and 1955 Annual Report, page 157. On May 29, 1956, the court sustained the Commission's order in a decision not yet reported.

Arthur Sinett, dba Supreme Trucking Co. v. United States, district of New Jersey.

For case history see 1954 Annual Report, page 151, and 1955 Annual Report, page 157. On November 20, 1955, the Commission's order was sustained (136 F. Supp. 37), and the complaint dismissed.

Frozen Food Express v. United States, southern district of Texas.

For case history see 1954 Annual Report, page 148, and 1955 Annual Report, page 160. On October 28, 1955, the case was argued and submitted for decision, and on December 30, 1955, the Commission's order was sustained (136 F. Supp. 617).

Alouette Peat Products, Ltd. v. United States, western district of Washington.

For case history see 1955 Annual Report, pages 157-158. On June 12, 1956, the case was argued and submitted for decision, and on June 19, 1956, the Commission's order was set aside in a decision not yet reported. On September 14, 1956, the case was docketed on appeal to the United States Court of Appeals, Ninth Circuit.

Acme Peat Products, Ltd. v. United States, western district of Washington, northern division.

For case history see 1955 Annual Report, page 158. On June 12, 1956, the case was argued and submitted for decision, and on June 19, 1956, the Commission's order was set aside in a decision not yet reported. On September 14, 1956, the case was docketed on appeal to the United States Court of Appeals, Ninth Circuit.

Central Freight Lines, Inc. v. United States, western district of Texas, Waco Division.

For case history see 1955 Annual Report, page 158. On March 22, 1956, the case was argued and submitted for decision, and on May 31, 1956, the Commission's order was sustained in a decision not yet reported. On July 23, 1956, judgment was entered by the court dismissing the case.

Breswick & Co. v. United States, southern district of New York.

For case history see 1955 Annual Report, page 158. On November 18, 1955, the court set aside the Commission's order (134 F. Supp. 132), and on January 27, 1956, the court denied motion for new trial (138 F. Supp. 123). The Supreme Court noted probable jurisdiction in separate appeals taken by Alleghany Corporation, certain stockholders, and the Commission.

Jimmie H. Ayer v. United States, northern district of Georgia, Atlanta division.

For case history see 1955 Annual Report, page 159. On March 19, 1956, the Commission's order was sustained (139 F. Supp. 480).

American Trucking Associations, Inc. v. United States, District of Columbia.

For case history see 1955 Annual Report, page 159. On January 11, 1956, the Commission's order was sustained and on January 27, 1956, the court entered judgment for the defendants (144 F. Supp. 365). On May 22, 1956, the case was docketed on appeal to the Supreme Court, and on June 20, 1956, the Commission's motion to affirm was filed. On October 8, 1956, the Supreme Court noted probable jurisdiction.

A. W. Schaffer v. Interstate Commerce Commission, district of South Dakota, northern division.

For case history see 1955 Annual Report, page 159. On March 13, 1956, the Commission's order was sustained, and on May 25, 1956, final judgment was entered (139 F. Supp. 444). On September 14, 1956, the case was docketed on appeal to the Supreme Court, and on October 17, 1956, the Commission's motion to affirm was filed.

National Bus Traffic Assn. v. United States, district of New Jersey.

For case history see 1955 Annual Report, page 159. On December 15, 1955, the case was argued and submitted for decision, and on July 30, 1956, findings, conclusions, and opinion were filed by the court sustaining the Commission's order (143 F. Supp. 689). On August 17, 1956, final judgment was entered.

Sims Motor Transport Lines, Inc. v. United States, northern district of Illinois, eastern division.

For case history see 1955 Annual Report, page 159. On April 10, 1956, the case was argued and submitted for decision, and on June 1, 1956, the Commission's order was sustained in a decision not yet reported.

Eck Miller Transfer Co. v. United States, western district of Kentucky, Owensboro division.

For case history see 1955 Annual Report, page 160. On November 12, 1955, the answer of the Commission was filed. On June 16, 1956, the case was argued and submitted for decision, and on August 1, 1956, the Commission's order was sustained (143 F. Supp. 409).

State of South Carolina v. United States, eastern district of South Carolina.

For case history see 1955 Annual Report, page 160. On November 4, 1955, the case was argued and submitted for decision, and on January 3, 1956, the Commission's order was sustained (136 F. Supp. 897). On March 23, 1956, the case was docketed on appeal to the Supreme Court, and on May 28, 1956, the decision of the district court was affirmed by the Supreme Court, *per curiam* (351 U. S. 944).

Acme Fast Freight, Inc. v. United States, district of Delaware.

Suit to enjoin, set aside and annul the Commission's order of October 26, 1955, in Investigation and Suspension Docket No. 6470, *Freight Forwarder Rates—East to Pacific Coast*, in which the Commission, by division 2, acting as an appellate division, vacated its prior order of September 9, 1955, which suspended the rates. On November 3, 1955, the complaint was filed, and on November 4, 1955, the plaintiff's application for a temporary restraining order was denied. On December 7, 1955, the complaint was dismissed by stipulation of the parties.

Lester O. Pratt v. Interstate Commerce Commission, northern district of Iowa, western division.

Suit to set aside and permanently enjoin the Commission's certificate and order of July 18, 1955, in Finance Docket No. 18536, *Chicago & North Western Ry. Co. Abandonment*, permitting abandonment by the railway company of that portion of its branch line of railroad in Woodbury County, Iowa, extending in a general easterly and westerly direction between Sergeant Bluff, Iowa, and Morville, Iowa, a distance of approximately 9 miles. (Petition for reconsideration denied November 1, 1955.) On November 14, 1955, the complaint was filed, and on January 20, 1956, the answer of the Commission was filed. On May 25, 1956, the Commission's order was sustained (not yet reported).

Amarillo-Borger Express, Inc. v. United States, northern district of Texas, Dallas division.

Suit to set aside and enjoin the Commission's order of November 14, 1955, in Investigation and Suspension Docket No. 6476, *Carbon Black—Southwest to United States and Canada*, in which the Commission, by division 2, acting as an appellate division, vacated its prior order of suspension dated September 23, 1955, which involved reduced rail rates on carbon black, such rates being substantially lower than motor-carrier rates on the same commodity from the Southwest to points in the United States and Canada. On November 23, 1955, the complaint was filed, and on December 7, 1955, the Commission's motion to dismiss was filed. On January 24, 1956, the Commission's order was set aside and the proceedings remanded to the Commission for further consideration (138 F. Supp. 411). On February 21, 1956, motion for new trial was denied, and on July 2, 1956, the case was docketed on appeal to the Supreme Court, and on October 8, 1956, the Supreme Court noted probable jurisdiction.

Andrew G. Nelson, Inc. v. United States, northern district of Illinois, eastern division.

Suit to set aside the Commission's order of March 17, 1955, in Docket No. MC-C-1610, *Andrew G. Nelson, Inc.—Investigation of Operations*, requiring respondent to cease and desist from transporting commodities not authorized under its contract carrier permit No. MC-1194, issued June 18, 1951. (Petition for reconsideration denied by order of Commission November 15, 1955.) On December 12, 1955, the complaint was filed, and on June 13, 1956, the Commission's order was sustained; and findings of fact, conclusions of law, and final judgment were entered by the Court (not yet reported). On August 31, 1956, the case was docketed on appeal to the Supreme Court, and on October 1, 1956, a motion to affirm was filed by the United States and the Commission.

State of Alabama v. United States, northern district of Alabama, southern division.

Suit to set aside and enjoin the Commission's report dated April 14, 1955, and report and order dated October 17, 1955, in Docket No. 31321, *In the Matter of Alabama Intrastate Rates and Charges on Coal, Lumber and Scrap Iron*, involving the validity of certain Alabama intrastate rates under section 13 (3) and (4) of the Interstate Commerce Act. On December 19, 1955, the complaint was filed, and on May 15, 1956, the Commission's order was sustained and the complaint dismissed (141 F. Supp. 488).

Malone Freight Lines, Inc., a Corp. v. United States, northern district of Alabama, southern division.

Suit to set aside and annul the Commission's report and order of June 3, 1955, and order of November 7, 1955, in I. and S. Docket No. 6215, *Drugs or Medicines—Greensboro, N. C., to South*, and I. and S. Docket No. M-5922, *Drugs—Greensboro, N. C., to Memphis, Tenn.* (Petition for reconsideration denied November 7, 1955.) On December 19, 1955, the complaint was filed, and on February 29, 1956, the Commission's order was set aside (143 F. Supp. 913).

Public Service Commission of Utah v. United States, district of Utah, central division.

Suit to set aside the Commission's report dated October 17, 1955, and order dated January 9, 1956, in Docket No. 31484, *Utah Intrastate Freight Rates and Charges*, involving a finding by the Commission that the intrastate freight rates and charges, with certain exceptions, maintained by the carriers in the State of Utah, cause unjust discrimination against interstate commerce in violation of section 13 (3) and (4) of the Interstate Commerce Act. (Petition for reconsideration denied by order of January 9, 1956.) On January 17, 1956, the complaint was filed, and on May 25, 1956, the Commission's order was sustained, the complaint dismissed, and interlocutory injunction dissolved, in a decision not yet reported. On June 18, 1956, the final decree was entered, on August 30, 1956, the case was docketed on appeal to the Supreme Court, and on September 26, 1956, motion to affirm was filed by the United States and the Commission.

Home Transfer & Storage Co., Inc. v. United States, western district of Washington, northern division.

Suit to set aside the cease-and-desist order of the Commission, division 5, of June 30, 1955, in Docket No. MC-1562, *Home Transfer & Storage Co.—Investigation of Operations*. On January 18, 1956, the complaint was filed, and on May 7, 1956, the Commission's order was held invalid on the ground that frozen fruits and vegetables come within the exemption of section 203 (b) (6) of the Interstate Commerce Act, and the case remanded to the Commission for further consideration (141 F. Supp. 599). On August 31, 1956, the case was docketed on appeal to the Supreme Court.

Sidney B. Lifschultz v. United States, southern district of New York.

Suit to set aside the Commission's order dated July 6, 1955, in Docket No. FF-95 (Sub-No. 3), *Lifschultz Fast Freight Extension—Wisconsin*, which denied plaintiff's application for an extension of operations as a freight forwarder of commodities generally from points in North—and East of Maryland and Pennsylvania, on the one hand, and, on the other, to points in Iowa, Michigan and Wisconsin, on the primary ground that applicant has been engaged in illegal operations. (Petition for reconsideration denied December 5, 1955.) On January 19, 1956, the complaint was filed, and on June 21, 1956, the Commission's order was sustained and the complaint dismissed (144 F. Supp. 606).

Wilson Truck Company v. United States, southern district of Texas, Houston division.

Suit to set aside the Commission's order of October 29, 1953, in Docket No. MC-83539 (Sub-No. 14), *C. & H. Transportation Co., Inc., Extension, Machinery and Parts*, granting a certificate of public convenience and necessity for authority to engage in transportation in interstate or foreign commerce as a common carrier by motor vehicle, over irregular routes, of contractors' equipment and supplies and other commodities (1) between points in Kansas, New Mexico, Texas, Oklahoma, and Louisiana; (2) between points in New Mexico, Texas, and Oklahoma, on the one hand, and, on the other, points in Illinois, Indiana, Kentucky, Mississippi, and Arkansas; and (3) between points in Illinois, Indiana, Kentucky, Mississippi, and Arkansas. On February 10, 1956, the complaint was filed, and on July 2, 1956, the court dismissed the complaint, without passing on the merits. On August 13, 1956, a final judgment was entered.

Dixie Carriers, Inc., et al. v. United States, southern district of Texas, Houston division.

Suit to set aside orders of the Commission, Division 2, acting as an appellate division, dated November 7, 1955, in Investigation and Suspension Docket No. 6491, *Pipe, Official and Southern Territories to Southwest*, and order dated December 9, 1955, in related proceeding, Twenty-Sixth Fourth Section Order No. 17160, *Iron and Steel Pipe to the Southwest*. The order in Fourth Section Application was made under general docket of Fourth Section Application No. 31120. Plaintiffs contended that the Commission, division 2, acting as an appellate division, failed to give adequate reasons for vacating prior suspension order, and alleged that the Commission's action in granting temporary fourth section relief violated section 4 (1) of the Interstate Commerce Act. On February 17, 1956, the complaint was filed, and on July 31, 1956, the Commission's order was held invalid (143 F. Supp. 844), and the case remanded to the Commission for further and not inconsistent findings. On August 20, 1956, the final decree was entered, and on October 11, 1956, the Commission took an appeal to the Supreme Court.

The Long Island Rail Road Company v. United States, eastern district of New York.

Suit to set aside an order of the Commission, division 2, acting as an appellate division, dated February 20, 1956, in Investigation and Suspension Docket No. 6512, *Terminal Area of New York City-D. L. W.*, seeking suspension of rates filed by D. L. & W. Railroad, Lehigh Valley Railroad Company, and Erie Railroad Company, said rates being on piggy-back movements to and from Jersey City, N. J., to Borough of Queens, N. Y. On February 29, 1956, the complaint was filed, and on May 9, 1956, the Commission's order was vacated and the case remanded to the Commission for reconsideration (140 F. Supp. 823).

Mercury Freight Lines, Inc. v. United States, southern district of Alabama.

Suit to set aside an order of the Commission, division 1, dated January 6, 1956, in Docket No. MC-113528 (Sub-No. 3-TA), *Mercury Freight Lines, Inc.—Mobile, Alabama*, which revoked an order entered by the Commission, Motor Carrier Board, dated November 7, 1955, granting temporary motor carrier authority to the plaintiff. On March 14, 1956, the complaint was filed, and on April 20, 1956, the Commission's order was sustained in a decision not yet reported.

Atlantic Coast Line Railroad Co. v. United States, district of Massachusetts.

Suit to set aside the Commission's order dated October 28, 1955, in Docket Nos. W-376 (Sub-No. 11) and W-376 (Sub-No. 12), *Pan-Atlantic Steamship Corp.—Intercoastal Trade*, insofar as it continues temporary authority beyond a period of 180 days, under the provisions of section 311 (a) of the Interstate Commerce Act and section 9 (6) of the Administrative Procedure Act. On March 13, 1956, the complaint was filed, and on May 17, 1956, the Commission's order was set aside (144 F. Supp. 53). On September 14, 1956, the case was docketed on appeal to the Supreme Court.

Joe M. Hambrick v. United States, northern district of Georgia, Atlanta division.

Suit to restrain the Commission from proceeding with a hearing before an examiner in Atlanta, Ga., on March 14, 1956, to require the Commission to issue a subpoena *duces tecum*, and to require the Commission to prohibit and restrain the railroad defendants from violations of the Sherman Act, Docket No. 31841, *The Alabama Great Southern Railroad Company et al. v. Joe M. Hambrick*. On March 2, 1956, the complaint was filed, and on May 3, 1956, the Commission's order was sustained and the complaint dismissed (not yet reported).

State of Tennessee et al. v. United States, district of Tennessee.

Suit to set aside an order of the Commission dated February 24, 1956, in Docket No. 31307, *Tennessee Intrastate Freight Rates and Charges* (order entered under provisions of section 13 (4) of the Interstate Commerce Act, requiring the railroads operating in Tennessee to increase their intrastate freight rates and charges on brick and related articles, road aggregates and related articles, and fertilizer and fertilizer materials). On March 28, 1956, the complaint was filed, and on July 23, 1956, the Court, in a decision, held that the Commission's order was invalid (144 F. Supp. 361).

State of Illinois et al. v. United States, northern district of Illinois, eastern division.

Suit to set aside and enjoin the Commission's order of November 21, 1955 (297 I. C. C. 353), in Docket No. 31742, *Chicago Intrastate Suburban Fares of Milwaukee Railroad*, and order of March 2, 1956, fixing intrastate fares for suburban passenger service. On April 13, 1956, the complaint was filed, and on June 14, 1956, the Commission's order was set aside in a decision (not yet reported). On October 11, 1956, the case was docketed on appeal to the Supreme Court.

Daugherty Lumber Company et al. v. United States, district of Oregon.

Suit to set aside and annul the Commission's Service Order No. 910, dated March 19, 1956, issued pursuant to section 1 (15) of the Interstate Commerce Act, which prescribed regulations for the movement of loaded freight cars. A temporary restraining order was issued April 7, 1956. On April 12, 1956, the complaint was filed, and on May 31, 1956, the Commission's order was sustained as of the date of entry of judgment on June 7, 1956 (141 F. Supp. 576).

Garden City Floral Company v. United States, district of Montana, Great Falls division.

Suit to enjoin and set aside the Commission's order dated March 5, 1956, in Docket No. 31585, *Montana Intrastate Express Rates and Charges*, in which the Commission required the establishment of intrastate express rates in Montana on the same level as interstate express rates in that State. On May 15, 1956, the complaint was filed, and on July 21, 1956, an amended complaint was filed. On September 7, 1956, the Commission's order was sustained and the complaint dismissed (143 F. Supp. 609).

Florida Citrus Commission et al. v. United States, northern district of Florida, Tallahassee division.

Suit to enjoin, set aside, and annul the Commission's order dated January 9, 1956, in Docket No. 31342, *Proposed Increased Refrigeration Charges*, in which the Commission approved an increase of 15 percent in railroad refrigeration charges. On April 3, 1956, the complaint was filed, and on September 7, 1956, the Commission's order was sustained and the complaint dismissed (144 F. Supp. 517).

Norfolk & Western Railway Company et al. v. United States, western district of Virginia.

Suit to enjoin, set aside and annul orders of the Commission dated August 23, 1955, and January 23, 1956, in Docket No. 31233, *Ex-River Coal, Mount Vernon, Ind., to Chicago*, complainants claiming that Chicago & Eastern Illinois Railroad Company's publication, effective April 6, 1953, of a rate of \$1.89 per net ton on carload shipments of bituminous coal from Mount Vernon, Ind., a point on the Ohio River about 339 miles west of Cincinnati, Ohio, to the Chicago area, which rate was restricted to coal mined in West Virginia and eastern Kentucky moving by river barge to Mount Vernon, Ind., to be used for coking or carbonization purposes, was unlawful because unreasonably low in violation of section 1 of the Interstate Commerce Act, unjustly discriminatory in violation of section 2 of that act, and unduly preferential and prejudicial in violation of section 3 of that act. On April 6, 1956, the complaint was filed, and on October 2, 1956, the Commission's order was sustained, and the complaint dismissed (145 F. Supp. 25).

A. B. & C. Motor Transportation Co., Inc. v. United States, district of Massachusetts.

For case history see 1955 Annual Report, page 158. On April 30, 1956, the case was argued and submitted for decision, and on September 13, 1956, the Commission's order was sustained and the complaint dismissed (not yet reported).

Consolidated Truck Service, Inc. v. A. David Millner, T. L. McClelland, and Interstate Commerce Commission, district of New Jersey.

For case history see 1955 Annual Report, page 157. On May 29, 1956, the case was argued and submitted for decision, and on September 28, 1956, the Commission's order was enjoined and set aside (144 F. Supp. 814).

Acme Fast Freight, Inc. v. United States, district of Delaware.

Suit to set aside and enjoin the Commission's order (by division 4) of May 24, 1955, in Docket No. FF-148 (Sub-No. 5), *Republic Carloading & Distributing Co., Inc., Extension—Nationwide*, granting operating authority (a) from points and places in California, Oregon, and Washington, to destinations in the United States, and (b) from points and places in the so-called southern territory of the United States east of the Mississippi River to destinations in California, Oregon, and Washington. (Petition for reconsideration was denied October 17, 1955.) On November 16, 1955, the complaint was filed, and on May 17, 1956, the case was argued and submitted for decision. On September 28, 1956, the Commission's order was sustained, interlocutory injunction denied, and the complaint dismissed (not yet reported).

Inland Motor Freight, Inc. v. United States, eastern district of Washington.

For case history see 1955 Annual Report, page 160. On July 3, 1956, the case was argued and submitted for decision, and on October 19, 1956, the Commission's order was sustained.

Neuendorf Transportation Co., a Corporation v. United States, western district of Wisconsin.

Suit to set aside an order of the Commission, division 1, dated January 10, 1956, in Docket No. MC-C-1613, *Albrent Freight & Storage Co., and Steffke Freight Company v. Neuendorf Transportation Co.*, requiring respondent to cease and desist from serving Warsaw, Wis., a point more than 35 miles from Medford, Wis., and to set aside an order of division 1, dated January 10, 1956, in Docket No. MC-2754, *Neuendorf Transportation Co., Madison, Wisconsin*, denying petition for waiver of rule 101 (e) for acceptance of later filed petition to reopen and reconsider, or for hearing on "grandfather" application. (Reconsideration denied by the Commission on May 23, 1956). On June 24, 1956, the complaint was filed, and on September 28, 1956, the case was argued and submitted for decision. On October 31, 1956, the Commission's order was sustained.

CASES CONCLUDED

COURT OF APPEALS, THIRD CIRCUIT

Pennsylvania R. R. Co. v. Reading Company.

For case history see 1955 Annual Report, page 156, and page 193, this volume.

COURT OF APPEALS, DISTRICT OF COLUMBIA

National Trucking & Storage Co. v. United States.

For case history see 1955 Annual Report, page 156. On January 1, 1956, the case was dismissed from the docket because of no further proceedings within the time prescribed by law.

DISTRICT COURTS OF THE UNITED STATES

Greyvan Lines, Inc. v. United States, northern district of Illinois.

For case history see 1955 Annual Report, page 156, and page 193, this volume.

United States v. Interstate Commerce Commission, District of Columbia.

For case history see 1955 Annual Report, page 156, and page 193, this volume.

Pacific Inland Tariff Bureau v. United States, district of Oregon.

For case history see 1955 Annual Report, page 151. On December 9, 1955, the court entered final judgment, and on February 9, 1956, the case was concluded, the Commission having voted not to appeal.

Kentucky Gas Service, Inc. v. Southern Railway Company, western district of Oklahoma.

For case history see 1955 Annual Report, page 141, and page 194, this volume.

James C. Gay, d/b/a Acme Express v. United States, western district of Oklahoma.

For case history see 1954 Annual Report, page 146, and 1955 Annual Report, page 151. On February 1, 1956, the case was restored to the docket, due to filing of petition by plaintiff for further relief, and on May 10, 1956, the case was dismissed, on motion of plaintiffs.

Hyman Hyatt v. United States, District of Columbia.

For case history see 1955 Annual Report, page 157, and page 194, this volume.

Arthur Sinett v. United States, district of New Jersey.

For case history see 1955 Annual Report, page 157, and page 194, this volume.

Frozen Food Express v. United States, southern district of Texas.

For case history see 1955 Annual Report, page 160, and page 194, this volume.

Frank A. Willers v. United States, southern district of South Dakota.

For case history see 1955 Annual Report, page 153. On January 31, 1956, the case was discontinued because not appealed within the time prescribed by law.

The George A. Rheman Company v. United States, eastern district of South Carolina.

For case history see 1955 Annual Report, page 153. On December 1, 1955, the case was discontinued because not appealed within the time prescribed by law.

Central Freight Lines, Inc. v. United States, western district of Texas.

For case history see 1955 Annual Report, page 158, and page 194, this volume.

Jimmie H. Ayer v. United States, northern district of Georgia.

For case history see 1955 Annual Report, page 159, and page 194, this volume.

W. Howard Pinkett v. United States, district of Maryland.

For case history see 1955 Annual Report, page 159. On January 31, 1956, the case was discontinued because not appealed within the time prescribed by law.

Acme Fast Freight, Inc. v. United States, district of Delaware.

For case history see page 195, this volume.

Lester O. Pratt v. Interstate Commerce Commission, northern district of Iowa, western division.

For case history see page 195, this volume.

Nebraska State Railway Commission v. United States, district of Nebraska.

Suit to set aside, annul and suspend the Commission's order of July 18, 1955, in Docket No. 30960, *Nebraska Intrastate Freight Rates and Charges*, in which the Commission found the Nebraska intrastate rates on cement to western Nebraska were unduly preferential of intrastate shippers and prejudicial to interstate shippers, and ordered the rates increased. On December 13, 1955, the complaint was filed, and on February 7, 1956, the intervention and answer of the Commission were filed. On May 18, 1956, the complaint was dismissed, with the consent of all parties.

State of Alabama v. United States, district of Alabama.

For case history see page 195, this volume.

Sims Motor Transport Lines, Inc. v. United States, northern district of Illinois.

For case history see page 195, this volume.

Malone Freight Lines, Inc. v. United States, northern district of Alabama.

For case history see page 196, this volume.

Sidney B. Lifschultz v. United States, southern district of New York.

For case history see page 196, this volume.

The Long Island Rail Road Company v. United States, eastern district of New York.

For case history see page 197, this volume.

Mercury Freight Lines, Inc. v. United States, southern district of Alabama.

For case history see page 197, this volume.

Joe M. Hambrick v. United States, northern district of Georgia.

For case history see page 197, this volume.

Daugherty Lumber Company et al. v. United States, district of Oregon.

For case history see page 198, this volume.

Buckeye Express, Inc. v. United States and Interstate Commerce Commission, southern district of Ohio, western division.

Suit to set aside and annul order of the Commission dated November 4, 1955, in Docket No. MC-99411, *Buckeye Express, Inc., Cincinnati, Ohio*, denying plaintiff the right to engage in interstate motor carrier operations under the second proviso of section 206 (a) (1) of the Interstate Commerce Act. (Petition for reconsideration denied March 16, 1956.) On June 5, 1956, the complaint was filed, and on August 3, 1956, an order was entered by the court extending time for filing of answers to September 4, 1956. On August 27, 1956, the case was dismissed by the court, without prejudice on stipulation of the parties.

State of Tennessee et al. v. United States, district of Tennessee.

For case history see page 197, this volume. On September 4, 1956, the case was discontinued, the Commission having voted not to appeal to the Supreme Court.

Merit Transport Corporation and Star Transport Co. v. United States, district of New Jersey.

Suit to set aside order of Motor Carrier Board, of March 1, 1956, in Docket No. MC-FC-58789, *Merit Transport Corp., Transferee (Portion), and Star Transport Corp., Transferor*, denying transfer application because rights to be acquired are not severable from portions retained. (Division 1, acting as an appellate division, denied petition for reconsideration on April 24, 1956.) On May 22, 1956, the complaint was filed, and on July 18, 1956, the Commission, division 1, acting as an appellate division, voted to vacate its order of April 24, 1956, and reopened the proceeding for further consideration. On September 17, 1956, the Commission (division 1, acting as an appellate division) granted the transfer application, and on October 10, 1956, the complaint was dismissed by the court, with the consent of all parties.

Mural Transport, Inc., v. United States, eastern district of New York.

Suit to enjoin, set aside, and annul order of the Commission, dated November 23, 1955, in Docket No. MC-35890 (Sub-No. 7), *Blodgett Uncrated Furniture Service, Inc.—Extension—Seven States*, in which Blodgett sought a certificate of public convenience and necessity under section 207 of the Interstate Commerce Act to transport uncrated new furniture from New York, N. Y., and points within 25 miles thereof, to points in Ohio, Indiana, Illinois (except Chicago), Michigan (except Grand Rapids, etc.), Minnesota, Wisconsin, and Missouri. (Petition for reconsideration denied March 26, 1956.) On May 7, 1956, the complaint

was filed. On September 17, 1956, the complaint was dismissed, with the consent of all parties.

Mural Transport, Inc. v. United States, eastern district of New York.

Suit to enjoin, set aside, and annul orders of the Commission dated November 18, 1955, and March 26, 1956, in Docket No. MC-7439 (Sub-No. 1), *George E. Nelson Extension—Six States (Kenosha, Wis.)*, in which Nelson sought a certificate of public convenience and necessity under section 207 of the Interstate Commerce Act, to transport new furniture and fixtures, uncrated, from Kenosha, Wis., to points in Illinois, Indiana, Iowa, Minnesota, Michigan, and Ohio, and from Columbus, Ohio, to Kenosha, Wis. (Petition for reconsideration denied March 26, 1956.) On May 7, 1956, the complaint was filed. (Time for filing of answers extended.) On September 17, 1956, the complaint was dismissed, with the consent of all parties.

Wilson Truck Company v. United States, southern district of Texas, Houston division.

For case history see page 196, this volume.

Eck Miller Transfer Co. v. United States, western district of Kentucky.

For case history see 1955 Annual Report, page 160, and page 195, this volume.

CASES PENDING IN THE COURTS, OCTOBER 31, 1956

SUPREME COURT OF THE UNITED STATES

United States v. Interstate Commerce Commission.

For case history see 1955 Annual Report, pages 151-152. On January 9, 1956, the Supreme Court denied the Commission's motion to affirm, and noted probable jurisdiction. On September 28, 1956, the Commission's brief was filed, and on October 10, 1956, the case was argued and submitted for decision.

Interstate Commerce Commission v. Breswick & Co.

For case history see 1955 Annual Report, page 158, and page 194, this volume. On May 25, 1956, the case was docketed on appeal to the Supreme Court, and on October 8, 1956, the Supreme Court noted probable jurisdiction.

American Trucking Associations et al. v. United States.

For case history see 1955 Annual Report, page 159, and page 194, this volume. On May 22, 1956, the case was docketed on appeal to the Supreme Court, and on June 20, 1956, the Commission's motion to affirm was filed. On October 8, 1956, the Supreme Court noted probable jurisdiction.

United States v. Amarillo-Borger Express.

For case history see page 195, this volume.

Interstate Commerce Commission v. Home Transfer & Storage Company, Inc.

For case history see page 196, this volume.

Andrew G. Nelson, Inc. v. United States.

For case history see page 195, this volume.

Public Service Commission of Utah v. United States.

For case history see page 196, this volume.

The Baltimore & Ohio R. R. Co. v. Daniel T. Jackson.

On petition for writ of certiorari from judgment of the Court of Appeals, District of Columbia, that court having held that a motor track car and a push car are subject to the provisions of the Safety Appliance Act (233 F. (2d) 660). On September 10, 1956, the Commission voted to intervene as *amicus curiae*, and on October 5, 1956, the Commission's brief was filed.

Interstate Commerce Commission v. Atlantic Coast Line Railroad Company.

For case history see page 197, this volume.

Schaffer Transportation Co. v. Interstate Commerce Commission and United States.

For case history see page 194, this volume.

Interstate Commerce Commission v. State of Illinois, et al.

For case history see page 197, this volume.

COURT OF APPEALS, NINTH CIRCUIT

Interstate Commerce Commission v. Alouette Peat Products, Ltd., Acme Peat Products, Ltd., et al.

For case history see page 194, this volume. On September 14, 1956, the appeal was docketed in the United States Court of Appeals, Ninth Circuit.

DISTRICT COURTS OF THE UNITED STATES

Baltimore & Ohio R. Co. v. Chicago River & Indiana R. Co., middle district of Illinois, eastern division.

For case history, see 1949 Annual Report, page 140, and page 193, this volume. *United States v. Interstate Commerce Commission*, District of Columbia.

For case history see 1949 Annual Report, page 146, and 1955 Annual Report, page 156.

H. W. Taynton Co., Inc. v. United States, middle district of Pennsylvania.

For case history see 1951 Annual Report, page 163.

Movers Conference of America v. United States, eastern district of Michigan, southern division.

For case history see 1951 Annual Report, page 163, and 1953 Annual Report, page 160.

Oklahoma-Louisiana Motor Freight Co. v. United States, district of Oklahoma.

For case history see 1952 Annual Report, page 164.

Baumer Foods, Inc. v. United States, eastern district of Louisiana, New Orleans division.

For case history see 1952 Annual Report, pages 164-165, and 1953 Annual Report, page 161.

Wilson Brothers v. United States, western district of Missouri.

For case history see 1953 Annual Report, page 156.

George M. Hayward v. United States, western district of Missouri, western division.

For case history see 1953 Annual Report, page 165, and 1955 Annual Report, page 157.

McCullough Transfer Co. v. United States, northern district of Ohio, eastern division.

For case history see 1954 Annual Report, page 146.

Frozen Food Express v. United States, southern district of Texas, Houston division.

For case history see 1955 Annual Report, page 150, and page 192, this volume. On August 30, 1956, brief for the Commission was filed, and on September 13, 1956, the case was argued and submitted for decision.

Reliance Steel Products Co. v. United States, western district of Pennsylvania.

For case history see 1954 Annual Report, pages 150-151. On September 24, 1956, the Commission's brief was filed, and the case was argued and submitted for decision.

Consolidated Truck Service, Inc. v. A. David Millner, et al., district of New Jersey.

For case history see 1955 Annual Report, page 157, and page 198, this volume.

Frisco Transportation Co. v. United States, eastern district of Missouri.

For case history see 1955 Annual Report, page 158. On March 26, 1956, the Commission's amended answer was filed, and on June 19, 1956, the case was argued and submitted for decision.

A. B. & C. Motor Transportation Co., Inc. v. United States, district of Massachusetts.

For case history see 1955 Annual Report, page 158, and page 198, this volume.

National Bus Traffic Association v. United States, district of New Jersey.

For case history see page 194, this volume.

Inland Motor Freight, Inc. v. United States, eastern district of Washington.

For case history see 1955 Annual Report, page 160, and page 198, this volume.

Interstate Dress Carriers, Inc. v. United States, southern district of New York.

For case history see 1955 Annual Report, page 160. On April 19, 1956, the case was argued and submitted for decision.

Samuel L. Lebovitz v. United States, eastern district of Pennsylvania.

For case history see 1955 Annual Report, pages 160-161.

County of Marin et al. v. United States, northern district of California, Southern Division.

For case history see 1955 Annual Report, page 161. On December 15, 1955, the joint answer of the Commission and the United States was filed, and on February 23, 1956, the case was argued and submitted for decision.

Acme Fast Freight, Inc. v. United States, district of Delaware.

For case history see page 198, this volume.

Murphy Motor Freight Lines, Inc. v. United States, district of Minnesota, third division.

Suit to set aside a certificate issued September 22, 1953, in Docket No. MC-4483 (Sub-No. 5), *Monson Dray Line, Inc., Extension—Hager City (Zumbrota, Minn.)*, on the ground that the Commission failed to serve plaintiffs, Murphy Motor Freight Lines, Inc., and Witte Transportation Company, with a notice of filing extension of application. Plaintiffs' petition for reopening certificate was denied on March 21, 1955. On December 1, 1955, the complaint was filed, and on January 23, 1956, the Commission's answer was filed. On May 29, 1956, a hearing was held and testimony taken, and on October 4, 1956, the Commission's brief was filed.

Commercial Motor Freight, Inc., of Indiana v. United States, southern district of Indiana, Indianapolis division.

Suit to set aside orders of the Commission, dated June 1, 1955, and October 19, 1955, modifying commodity description, which reads "automobile parts, etc." to include "truck parts, etc." in certificate No. MC-69901, dated April 27, 1953, to Newsom Trucking Co., Columbus, Ind. On December 28, 1955, the complaint was filed, and on January 25, 1956, the Commission's intervention was filed. On February 17, 1956, the Commission voted to reopen the proceedings for further consideration; time for filing answer was extended to a date following the Commission's decision.

Shippers' Car Supply Committee, an Oregon Corp., et al. v. United States, district of Oregon.

Suit to set aside the Commission's order dated May 26, 1954, in Docket No. 30708, *Shippers' Car Supply Committee v. Southern Pacific Company*, 292 I. C. C. 537, in which plaintiffs alleged that the Southern Pacific Company failed to provide and supply cars upon reasonable request in violation of section 1 (4) of the Interstate Commerce Act, and alleged that as a result of this action the Southern Pacific Company violated section 3 (1) of the act, since they were subjected to unreasonable prejudice and disadvantage and that other shippers were given undue and unreasonable preference and advantage. On January 20, 1956, the complaint was filed, and on March 22, 1956, the Commission's answer was filed. On September 10, 1956, the case was argued and submitted for decision.

American Barge Line Company v. United States, eastern district of Missouri, eastern division.

Suit to enjoin, set aside, and annul the Commission's order of July 13, 1955, in Docket No. 30744, *American Barge Line Co., Federal Barge Lines, Inc. v. Alabama Great Southern Railroad Co. et al.*, complainants charging discrimination in rates and charges between connecting carriers in violation of sections 1, 2, and 3 (4) of the Interstate Commerce Act, complainant corporations being engaged in transportation as common carriers by water of general commodities (including grain, grain products and grain byproducts) under certificates of public convenience and necessity. On March 12, 1956, the complaint was filed. By order dated May 4, 1956, the Commission reopened the proceeding for further reconsideration and the court extended the time for filing of answers pending the Commission's decision.

Dixie Carriers, Inc. v. United States, southern district of Texas, Houston division.

For case history see page 196, this volume.

Arrow Transportation Co. et al. v. United States, northern district of Alabama, northwestern division.

Suit to suspend, annul and enjoin, and set aside in part, an order of the Commission dated July 18, 1955, in Docket No. 30744, *American Barge Line Co. v. Alabama Great Southern Railroad Co. et al.*, complainants charging violation of sections 1, 3 (1), and 3 (4) of the Interstate Commerce Act, and involved lawfulness of rates charged for rail movement beyond barge line ports of discharge of grain and grain products which had been brought to such ports by common carrier barge lines. (Petition for reconsideration denied November 21, 1955.) On March 6, 1956, the complaint was filed. By order dated May 4, 1956, the Commission reopened the proceeding for further consideration and the court extended the time for filing of answers pending the Commission's decision.

Florida Citrus Commission v. United States, northern district of Florida, Tallahassee division.

For case history see page 198, this volume.

Norfolk & Western Railway Company et al. v. United States, western district of Virginia.

For case history see page 198, this volume.

Heuer Truck Lines, Inc. v. United States, southern district of Iowa, Central division.

Suit to set aside the Commission's report and order of November 17, 1955, in Docket No. MC-C-1587, *Heuer Truck Lines, Inc.—Revocation of Certificate*, 66 M. C. C. 47, finding respondent to be transporting fresh meats beyond the scope of its authority to transport "groceries" and entering a cease and desist order (Petition for reconsideration denied on March 26, 1956). On April 16, 1956, the complaint was filed, and on June 14, 1956, the Commission's answer was filed.

Dance Freight Lines, Inc. et al. v. United States, eastern district of Kentucky, Frankfort Division.

Suit to set aside the Commission's report and order (by division 1), of September 28, 1955, in Docket No. MC-108589, (Sub-No. 5), *Eagle Express Co. Extension—Campbellsville, Ky.*, granting a route extension to applicant of Somerset, Ky., and claiming that the record shows lack of public convenience and necessity and applicant's fitness. (Petition for reconsideration and rehearing denied January 31, 1956.) On April 26, 1956, the complaint was filed, and on July 9, 1956, the Commission's answer was filed. On September 7, 1956, the case was argued and submitted for decision, and on October 24, the Commission's reply brief was filed.

W. H. Wooten and J. H. Parker, dba W. H. Wooten Transport, a partnership v. United States, western district of Tennessee, western division.

Suit to set aside orders of the Commission dated August 24, 1955, January 18, 1956, and March 20, 1956, in Docket No. MC-113861 (Sub-No. 1), *W. H. Wooten and J. H. Parker Common Carrier Application*, to the extent that they failed to grant all the authority recommended by the examiner. (Petition for reconsideration denied by the Commission, Chairman Arpaia acting alone, on March 20, 1956.) On May 8, 1956, the complaint was filed, and on June 28, 1956, the Commission's answer was filed.

Albemarle Paper Manufacturing Company et al. v. United States, southern district of Georgia.

Suit to set aside order of the Commission dated February 7, 1956, as amended March 7, 1956 and April 6, 1956, in Docket No. 30958, *Reduced Rates on Pulpwood in Southern Territory*, commanding the Southern Railway Company, Cincinnati, New Orleans & Texas Pacific Railway, New Orleans & N. E. Railroad, Alabama Great Southern Railroad, Seaboard Air Line, etc., to increase approximately 17 percent rates on pulpwood, in carloads, from all points in Virginia, South Carolina, North Carolina, Florida, Georgia, Alabama, and Tennessee, to all destinations on their lines. On May 10, 1956, the complaint was filed; on July 6, 1956, the Commission's answer was filed, and on August 21, 1956, the Commission's brief was filed.

Garden City Floral Company v. United States, district of Montana, Great Falls division.

For case history see page 198, this volume.

Nationwide Carriers, Inc. v. United States, district of Minnesota, 4th division.

Suit to set aside and annul the Commission's order dated November 2, 1955, in Docket No. MC-114789, *Nationwide Carriers, Inc., Contract Carrier Application*, in which Nationwide Carriers sought a permit to operate as a contract carrier by motor vehicle, over irregular routes, of dairy products and animal and poultry feed, from points in Minnesota, and Marshfield, Plymouth, and Sauk City, Wis., to points in Texas. (Petition for reconsideration denied April 9, 1956.) On May 29, 1956, the complaint was filed. On August 8, 1956, the Commission, on its own motion, reopened the proceedings for further hearing, and on September 26, 1956, the court entered an order extending the time indefinitely for filing of answers.

Premier Peat Moss Corporation et al. v. United States, southern district of New York.

Suit to enjoin, suspend, annul and set aside certain orders of the Commission in Docket No. MC-84805 (Sub-No. 2) (and related dockets), *Marion Trucking Co., Inc. Extension (Peat)*, insofar as such orders find that peat moss is not embraced by the term "agricultural commodities" as used in section 203 (b) (6) of the Interstate Commerce Act, and that authority is required for the transportation of peat moss in interstate or foreign commerce. On June 1, 1956, the complaint was filed, and on July 23, 1956, the Commission's answer was filed. On September 28, 1956, the Commission's brief was filed, and on October 3, 1956, the case was argued and submitted for decision.

Anderson Motor Service, Inc., a Corporation v. United States, eastern district of Missouri, eastern division.

Suit to set aside the Commission's orders of September 30, 1955, and February 2, 1956, in Docket No. MC-F-5367, *Harold J. Secoy—Control; Federal Express, Inc.—Purchase—S. & V. Co.*, whereby the Commission approved the purchase by Federal Express of the operating rights of S. & V. Co. On May 17, 1956, the complaint was filed, and on July 9, 1956, the Commission's intervention and answer were filed.

Neuendorf Transportation Co., a Corporation v. United States, western district of Wisconsin.

For case history see page 198, this volume.

Josephine Gallo v. H. P. Welch Co., and United States, district of New Jersey.

Suit to set aside and annul orders entered by the Commission on July 11, 1951, and April 7, 1951, denying petitions for reconsideration filed by plaintiff seeking to have the Commission vacate its order of December 27, 1950, in which it approved transfer of plaintiff's certificate in Docket No. MC-8520, *John H. Welch et al.—Control; H. P. Welch Co.—Purchase—Josephine Gallo*, to defendant Welch, alleging the purported signature of plaintiff on the transfer application is a forgery and that she received no part of the consideration for the transfer. On June 15, 1956, the complaint was filed. On August 15, 1956, the Commission filed a notice of motion, motion to dismiss, and memorandum in support of the motion.

Thomas P. Glaze, Connorsville, Indiana, and William H. Conley, Jr., v. United States, southern district of Indiana.

Suit to set aside an order of the Commission, dated September 30, 1955, in Docket No. MC-83930, *Thomas P. Glaze, Connorsville, Ind.*, in which the Commission declined to reopen the original "grandfather" proceeding for the purpose of issuing a certificate in the place of the permit, or in the alternative, of deciding whether the authority originally issued was too restrictive. On June 21, 1956, the complaint was filed, and on August 16, 1956, the Commission's answer was filed.

The Cleveland Electric Illuminating Co. v. United States, northern district of Ohio, eastern division.

Suit to suspend, annul, enjoin, and set aside an order of the Commission, dated March 5, 1956, in Docket No. 25566, *Intrastate Rates on Bituminous Coal within Ohio*, in which the Commission ordered certain railroads operating in the State of Ohio to establish and maintain intrastate rates on coal to Cleveland and other points in northeastern Ohio no lower than those in effect on August 1, 1954. (Petition for reconsideration denied June 25, 1956.) On June 28, 1956, the complaint was filed, and on August 30, 1956, the Commission's answer was filed. On September 10, 1956, the Commission's brief was filed, and on September 20, 1956, the case was argued and submitted for decision.

North American Coal Corporation v. United States, northern district of Ohio, eastern division.

Suit to suspend, annul, enjoin, and set aside an order of the Commission, dated March 5, 1956, in Docket No. 25566, *Intrastate Rates on Bituminous Coal within Ohio*, in which the Commission ordered certain railroads operating in the State of Ohio to establish and maintain intrastate rates on coal to Cleveland and other points in northeastern Ohio no lower than those in effect on August 1, 1954. (Petition for reconsideration denied June 25, 1956.) On June 28, 1956, the complaint was filed, and on August 30, 1956, the Commission's answer was filed. On September 10, 1956, the Commission's brief was filed, and on September 20, 1956, the case was argued and submitted for decision.

Ohio Coal Association v. United States, northern district of Ohio, eastern division.

Suit to suspend, annul, enjoin, and set aside an order of the Commission, dated March 5, 1956, in Docket No. 25566, *Intrastate Rates on Bituminous Coal within Ohio*, in which the Commission ordered certain railroads operating in the State of Ohio to establish and maintain intrastate rates on coal to Cleveland and other points in northeastern Ohio no lower than those in effect on August 1, 1954. (Petition for reconsideration denied June 25, 1956.) On June 29, 1956, the complaint was filed, and on August 30, 1956, the Commission's answer was filed. On September 10, 1956, the Commission's brief was filed, and on September 20, 1956, the case was argued and submitted for decision.

Continental Tennessee Lines, Inc., a Delaware Corp. etc. v. Ollie Gray, dba Gray & Son Truck Lines, United States et al., middle district of Tennessee, Nashville division.

Suit to enjoin, suspend, and set aside an order of the Commission, division 1, dated June 27, 1956, in Docket No. MC-115688 (Sub-No. 1), *Gray & Son Truck*

Lines Extension—Oak Ridge, Tennessee (Paducah, Ky.), granting temporary authority to Gray & Son for a period of 30 days, commencing July 1, 1956, to operate as a common carrier hauling class D, group III poisons (fissionable material) for the Atomic Energy Commission between Keevil, Ky., and Sargents, Ohio, and between Keevil and Oak Ridge, Tenn. On July 2, 1956, the complaint was filed. On July 6, 1956, the temporary restraining order was dissolved by order of the court, and on July 11, 1956, the order of the court was entered.

General Motors Corporation v. United States, eastern district of Michigan, southern division.

Suit to set aside the Commission's order, dated October 31, 1955, in Docket No. 31642, *General Motors Corporation v. Railway Express Agency, Inc.*, finding charges collected or sought to be collected on shipments of automobile gear frames and parts, transported at the request of shipper in exclusive-use cars from Cleveland, Ohio, and Pontiac and Lansing, Mich., to South Gate, Calif., to be applicable. (Petition for reconsideration denied on April 16, 1956.) On July 9, 1956, the complaint was filed, and on September 4, 1956, the Commission's answer was filed. On October 1, 1956, the Commission's amended answer was filed.

Minneapolis, St. Paul & Sault Ste. Marie Railroad Co. et al. v. United States, district of Minnesota, fourth division.

Suit to enjoin, annul, suspend, and set aside in part the Commission's order of July 9, 1945, and order issued on November 21, 1955, in Investigation and Suspension Docket No. 5269, *Iron and Steel to Iowa, Minnesota, Michigan, and Wisconsin*, plaintiffs claiming irreparable injury and damages. On July 17, 1956, the complaint was filed, and on September 11, 1956, the Commission's answer was filed.

Jones Truck Lines, Inc., a Corporation v. United States, western district of Arkansas, Fayetteville division.

Suit to set aside, annul, and suspend the Commission's order dated March 13, 1955, in Docket No. MC-C-1788, *Jones Truck Lines, Inc.—Investigation and Revocation of Certificate*, in which the Commission found plaintiff to be engaged in transportation not authorized by its certificate, and in violation of section 206 (a) of the Interstate Commerce Act. (Petition for reconsideration denied by the Commission on July 11, 1956.) On July 30, 1956, the complaint was filed, and on September 28, 1956, the Commission's answer was filed. On October 24, 1956, the Commission's brief was filed, and on October 29, 1956, the case was argued and submitted.

R. B. "Dick" Wilson, Inc., a Corp. v. United States and Interstate Commerce Commission et al., district of Colorado.

Suit to set aside the Commission's order of June 30, 1956, in Docket No. MC-9895, including subnumbers 1, 7, 8, 53, 65 and 68, *R. B. Wilson Common Carrier Application*, alleging that by reason of the Commission's order denying its petition for reconsideration (February 15, 1956) and a public hearing plaintiff was in effect enjoined and prohibited from transporting crude oil under its authority to transport petroleum products, and that the report and order deprived it of valuable property rights without due process of law. This is a suit to set aside a report of the Commission interpreting the meaning of a certificate granted to a carrier and also involves the question of whether such a report is reviewable by a three-judge court. On August 31, 1956, the complaint was filed.

Siles Freighlines, Inc., Inland Motor Freight, Inc., and Consolidated Freightways, Inc. v. United States, district of Oregon.

Suit to set aside and annul the Commission's order of March 23, 1956, in Docket No. MC-20080 (Sub-No. 1), *Maskelyne Transfer & Storage, Inc.—Extension—Motor-for-Rail Service*, in which plaintiff seeks certificate of public convenience and necessity authorizing operation as a common carrier by motor vehicle, in interstate or foreign commerce, of general commodities, with exceptions, between (1) Walla Walla, Wash., and Pomeroy, Wash., and (2) between Walla Walla and Pendleton, Oreg., serving certain intermediate and off-route points, subject to certain conditions. (Petition for reconsideration denied August 13, 1956.) On September 12, 1956, petition filed.

Nigra Freight Lines and Palmer Freight Lines v. United States and Interstate Commerce Commission, district of Connecticut.

Suit to set aside, enjoin, and annul an order of the Commission, dated November 26, 1946, in Docket No. MC-37, *Commercial Zones and Terminal Areas*, and a cease-and-desist order dated December 29, 1953, in Docket No. MC-C-1441, *Mullen Brothers, Inc. v. Palmer Lines, Inc.*, plaintiffs being common carriers

operating in and out of the New England area, and claiming that if the Commission's cease-and-desist order is permitted to stand, it will cause them irreparable damage and injury. On September 14, 1956, the complaint was filed.

Arkansas Public Service Commission and Reynolds Metals Co. v. United States and Interstate Commerce Commission, eastern district of Arkansas, western division.

Suit to set aside an order of the Commission dated September 4, 1956, in Docket No. 31660, *Arkansas Intrastate Rates and Charges*, implementing the Commission's findings contained in its report dated May 7, 1956 (298 I. C. C. 547), on the ground that said order, insofar as it increases rates on shipments of fluxing stone from Myersville and Limedale Spur, Ark., to Bauxite Junction, Ark., and the intrastate rates throughout Arkansas on sand, gravel, crushed stone, and other road aggregates and cement, is based upon errors of law and not supported by the evidence; also that the order nullifies and sets aside the decision and order of the Arkansas State Commission prescribing reasonable rates on fluxing stone from and to the aforesaid points without any hearing or investigation by the Interstate Commerce Commission of the action and decision of the Arkansas Commission or of the rates prescribed in said decision and order of the Arkansas Commission. On October 9, 1956, the complaint was filed.

Railway Labor Executives' Association v. United States and Interstate Commerce Commission, District of Columbia.

Suit to set aside and annul an order of the Commission dated March 5, 1956, in Dockets Nos. 31876 and 31876 (Sub-No. 1), *Railway Labor Executives' Assn. et al. v. Chicago & North Western Ry. Co. et al.*, plaintiffs alleging violations of sections 1 (4), 3 (4), 5 (2), 5 (4), 5 (7), and 15 (3) of the Interstate Commerce Act, and disclaiming jurisdiction to enter an order requiring the North Western, Union Pacific, and Southern Pacific to restore certain passenger service over the North Western which had been displaced by rerouting passenger trains over the Milwaukee Railroad (in lieu of the North Western). Also plaintiffs alleged that the orders erroneously interpreted section 5 (2) (a), (i), and Section 5 (4) of the act, and in holding that Commission approval and authorization of arrangements and operations of through trains by the Milwaukee, Union Pacific and Southern Pacific was not required by certain sections of the act. (Petition for reconsideration denied July 16, 1956.) On October 8, 1956, the complaint was filed.

The Emery Transportation Co. v. United States, Interstate Commerce Commission and Riggs Dairy Express, Inc., northern district of Illinois, eastern division.

Suit to annul, set aside, and enjoin the Commission's order dated April 20, 1956 in Docket No. MC-106920 (Sub-No. 8), *Riggs Dairy Express, Inc., Extension—Elimination of Gateway*, wherein Riggs was authorized to perform east-west transportation of dairy products without observing a gateway at three Ohio counties. (Petition for reconsideration denied by entire Commission on August 23, 1956.) On October 8, 1956, the complaint was filed.

Associated Transports, Inc. v. United States, eastern district of Missouri, eastern division.

Suit to set aside the Commission's order, division 1, dated November 17, 1955, in Docket No. MC-30378 (Sub-No. 42), *Associated Transports, Inc., Extension—Kansas City, Mo.*, denying application of Associated Transports, Inc., for a certificate of public convenience and necessity authorizing common-carrier operations, by motor vehicle, over irregular routes, of new automobiles, new trucks, new chassis, and automobile parts and accessories incidental to equipment being moved, in initial movements, in truckaway service, from Kansas City to Claycomo, Mo., to points in Iowa, Nebraska, and South Dakota. (Petition for reconsideration denied April 23, 1956.) On October 10, 1956, the complaint was filed.

Chrispens Truck Lines, Inc. v. United States and Interstate Commerce Commission, northern district of Illinois, eastern division.

Suit to set aside the Commission's order (division 5), dated June 14, 1955, in Docket No. MC-C-1563, *Chrispens Truck Lines—Investigation of Operations*, wherein respondent was ordered to cease and desist from transportation, as packinghouse products, certain commodities which had not been produced by or distributed by a meat packinghouse. (Petition for reconsideration denied by entire Commission on February 21, 1956.) On October 11, 1956, the complaint was filed.

Seatrain Lines, Inc. v. United States, district of Delaware.

Suit to set aside and annul the Commission's order dated September 20, 1956, in Docket No. W-376 (Sub-No. 14), *Pan-Atlantic Steamship Corporation Exemption Application*, wherein transportation by applicant as a contract carrier of crude petroleum and specified petroleum products, in bulk, in tankers, between Louisiana and Texas Gulf ports, and Atlantic ports, was found to be exempt pursuant to the provisions of section 303 (e) (2) of part III of the Interstate Commerce Act. On October 15, 1956, the complaint was filed, and on October 19, 1956, an amended complaint was filed; intervention of Commission allowed by court; points and authorities in opposition to plaintiffs' motion for temporary restraining order filed by the Commission; argued and submitted on question of issuance of temporary restraining order; and the court refused to grant temporary restraining order.

Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company v. United States and Interstate Commerce Commission, district of Massachusetts.

Suit to set aside, suspend, enjoin, and annul the Commission's order dated October 1, 1956, in Investigation and Suspension Docket No. 6074, *Iron Ore From Eastern Ports to C. F. A. Points*, in which the Commission found just and reasonable proposed reduced rates on iron ore from New York and Philadelphia ports to destinations in the Youngstown, Ohio, area, but found unjust and unreasonable proposed reduced rates from the Boston port to those destination points. On October 25, 1956, the complaint was filed.

Baltimore & Ohio Railroad Company et al. v. United States et al., district of Maryland.

Suit to set aside, suspend, enjoin, and annul the Commission's order dated October 1, 1956, in Investigation and Suspension Docket No. 6074, *Iron Ore From Eastern Ports to C. F. A. Points*, in which the Commission found just and reasonable proposed reduced rates on iron ore from New York and Philadelphia ports to destinations in the Youngstown, Ohio, area, but found unjust and unreasonable proposed reduced rates from the Boston port to those destination points. On October 25, 1956, the complaint was filed.

APPENDIX C

AUTHORIZATIONS UNDER VARIOUS SECTIONS OF THE INTERSTATE COMMERCE AND RELATED ACTS

*Certificates of convenience and necessity for construction and/or operation of lines of
railroad under section 1 (18) of the Interstate Commerce Act, as amended*

Name of applicant	Location of line	Miles
Atchison, T. & S. F. Ry. Co	San Bernardino County, Calif.	29.500
Chicago, R. I. & P. R. Co.	Madison County, Iowa	11.000
Great Northern Ry. Co. and Minneapolis, St. P. & S. S. M. R. Co.	Wilkin, Cass, Hubbard, and Beltrami Coun- ties, Minn., and Richland County, N. Dak.	1.150
DeQueen & E. R. Co.	Howard County, Ark.	9.500
Erie R. Co. et al.	Hudson County, N. J.	1.004
Louisiana & A. Ry. Co.	East Baton Rouge Parish, La.	1.000
Minneapolis, N. & S. Ry. et al.	Hennepin County, Minn.	.101
Missouri Pac. R. Co., trustee	Howard County, Ark.	9.500
New York Central R. Co.	Lake County, Ohio	0.600
Norfolk & W. Ry. Co.	Russell County, Va.	6.000
Oakland Term. Ry. and Western Pac. R. Co.	Alameda County, Calif.	.710
Pennel Co. and Pennsylvania R. Co., lessee	Monroe County, Ohio	12.000
Sacramento N. Ry.	Yuba County, Calif.	1.610
Sandersville R. Co.	Washington County, Ga.	5.622
Total number of miles		89.297

	Miles
14 applications filed involving	75.687
14 certificates issued authorizing construction of	89.297
4 applications denied involving	13.040
3 applications dismissed involving	14.000
Authorized since effective date of act	11,246
Portion thereof actually constructed	8,188
Portion thereof deferred or abandoned	2,897
Portion in which time for construction has not expired	161

*Certificates of convenience and necessity for abandonment of lines of railroad or the
operation thereof, issued under section 1 (18) of the Interstate Commerce Act, as
amended*

Name of applicant	Location of line	Miles
Atchison, T. & S. F. Ry. Co.	San Bernardino County, Calif.	3.900
Baltimore & E. R. Co.	Worcester County, Md.	8.050
Do.	Queen Anne County, Md.	12.620
Baltimore & O. R. Co.	Indiana and Armstrong Counties, Pa.	22.200
Do.	Shenandoah County, Va.	1.700
Do.	Elk and Cameron Counties, Pa.	23.000
Barre & C. R. Co.	Washington, Caledonia and Orange Counties, Vt.	47.680
Belvidere, Delaware R. Co. et al.	Warren County, N. J.	2.590
Boston & A. R. Co. et al.	Drawbridge in Suffolk County, Mass.	.026
Central Vermont Ry., Inc.	Franklin County, Vt.	14.300
Chicago & I. M. Ry. Co.	Sangamon County, Ill.	8.200
Chicago & N. W. Ry. Co.	Lee County, Ill.	10.650
Do.	Shawano, Marathon, and Portage Counties, Wis.	19.902
Do.	Langlade County, Wis.	15.800
Chicago, B. & Q. R. Co.	Marion and Ralls Counties, Mo.	15.000
Do.	Van Buren County, Iowa	6.390
Chicago, B. & Q. R. Co. and Chicago & N. W. Ry. Co.	Macoupin County, Ill.	.950
Chicago, M., St. P. & P. R. Co.	Oneida County, Wis.	27.200
Do.	Lafayette County, Wis.	11.700
Chicago, R. I. & P. R. Co.	Warren and Madison Counties, Iowa	36.700
Do.	St. Louis County, Mo.	.451

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Name of applicant	Location of line	Miles
Chicago, St. P., M. & O. Ry. Co.	Rock County, Minn.	107
Do	Wayne and Cedar Counties, Nebr.	20,340
Delaware & H. R. Corp.	Schoharie and Otsego Counties, N. Y.	21,000
Delaware, L. & W. R. Co.	Tioga and Tompkins Counties, N. Y.	34,790
East Broad Top R. & C. Co.	Huntingdon, Bedford, and Fulton Counties, Pa.	32,360
Erie R. Co.	Steuben and Livingston Counties, N. Y.	18,112
Great Northern Ry. Co.	Rock County, Minn.	110
Do	Wilkin County, Minn., and Richland County, N. Dak.	27,090
Illinois Central R. Co.	Williamson and Johnson Counties, Ill.	29,000
Illinois Term. R. Co.	Madison County, Ill.	15,108
International-Great Northern R. Co., trustee	Brazoria County, Tex.	9,600
Long Island R. R. Co., The	Queens County, N. Y.	284
Minneapolis, St. P. & S. S. M. R. Co.	Cass, Hubbard, and Beltrami Counties, Minn.	24,590
Minnesota W. Ry. Co., et al.	Hennepin County, Minn.	2,350
Missouri-Kansas-Texas R. Co.	Atoka and Coal Counties, Okla.	13,560
Do	Pittsburg and Latimer Counties, Okla.	8,000
Missouri Pac. R. Co. trustee	Monroe County, Ark.	9,670
Do	Union Parish, La.	21,630
New York Central R. Co.	Genesee and Erie Counties, N. Y.	9,400
Do	Between Weehawken, N. J., across Hudson River to New York, N. Y.	5,500
New York, C. & St. L. R. Co. and Chesapeake & O. Ry. Co.	La Porte County, Ind.	206
New York, N. H. & H. R. Co.	Norfolk County, Mass.	600
Do	Hartford and Litchfield Counties, Conn.	6,196
Norfolk & W. Ry. Co.	Russell County, Va.	2,350
Northern Pac. Ry. Co.	Gallatin County, Mont.	33,580
Oakland Term. Ry.	Alameda County, Calif.	1,890
Oklahoma City-Ada-Atoka Ry. Co.	Coal and Atoka Counties, Okla.	14,030
Oregon S. L. R. Co. and Union Pac. R. Co., lessee.	Bingham County, Idaho.	4,540
Oregon-Washington R. & N. Co. and Union Pac. R. Co. lessee.	Lewis and Thurston Counties, Wash.	5,330
Outer Harbor Term. Ry. Co.	Los Angeles County, Calif.	852
Paris & M. T. P. R. Co.	Lamar, Red River, Franklin, and Titus Counties, Tex.	50,900
Pennsylvania R. Co.	Chester County, Pa.	8,080
Do	Columbia and Luzerne Counties, Pa.	2,330
Philadelphia, B. & W. R. Co., and Pennsylvania R. Co. lessee.	Accomack County, Va.	660
Quemahoning B. R. Co., and Baltimore & O. R. Co., lessee.	Somerset County, Pa.	6,750
Raritan River R. Co.	Middlesex County, N. J.	3,383
Reading Co.	Berks County, Pa.	284
Sacramento N. Ry.	Yuba County, Calif.	2,040
Do	Alameda and Contra Costa Counties, Calif.	15,630
San Diego & A. E. Ry. Co.	Imperial County, Calif.	8,280
Saratoga & S. R. Corp.	Saratoga County, N. Y.	25,100
Southern Pac. Co.	Madera County, Calif.	10,231
Southern Pac. R. Co., and Southern Pac. Co., lessee.	do	11,431
Tampa S. R. Co., and Atlantic C. L. R. Co., lessee.	Sarasota County, Fla.	640
Texas & N. O. R. Co.	Maverick County, Texas.	7,830
Warwick Ry. Co.	Kent County, R. I.	511
Wellsville, A. & G. R. Corp.	Potter County, Pa.	5,900
Western Maryland Ry. Co.	Mineral County, W. Va.	1,546
Total number of miles		822,710

	Miles
58 applications filed involving	1731,349
69 certificates issued permitting abandonment of	822,710
1 application denied involving	44,819
8 applications dismissed involving	70,868
Abandonments permitted since effective date of act	140,570

¹ Includes tracks, operations, ferries and drawbridge.

Certificates of convenience and necessity for acquisition and/or operation of lines of railroad issued under section 1 (18) of the Interstate Commerce Act, as amended

Name of applicant	Location of line	Miles
Louisiana & A. Ry. Co.....	East Baton Rouge Parish, La.....	4. 520
McCloud River R. Co.....	Siskiyou and Shasta Counties, Calif.....	8. 150
Port Terminal R. of S. C.....	Charleston County, S. C.....	8. 500
Southern Ry. Co.....	Warriek County, Ind.....	10. 000
Total number of miles.....		31. 170

15 applications filed involving.....	Miles 123. 710
4 applications issued involving.....	31. 170

Authorizations under section 5 (2) of the Interstate Commerce Act, as amended, involving railroad properties

Acquiring carrier	Owning carrier	Miles	How acquired
Baltimore & O. R. Co.....	Mahoning V. R. Co.....	1. 900	Modified lease.
Do.....	New York, C. & St. L. R. Co.	4. 300	Joint use.
Boston & A. R. Co. et al.....	Boston & M. R.....	7. 440	Trackage rights.
Butte, A. & P. Ry. Co.....	Northern Pac. Ry. Co.....	6. 917	Purchase.
Central of Georgia Ry. Co.....	South Western Ry. Co.....	331. 360	Modified operating agreement.
Chicago & N. W. Ry. Co.....	Sioux City B. Co.....	3. 880	Merger.
Chicago G. W. Inc.....	Chicago G. W., Ry. Co.....	1469. 620	Do.
Chicago R. & I. R. Co.....	Chicago Junction Ry.....	(1)	Modification of condition.
Chicago, St. P., M. & O. Ry. Co.....	Chicago, B. & Q. R. Co.....	14. 540	Trackage rights.
Connecting Ry. Co.....	Pennsylvania, O. & D. R. Co.	699. 760	Merger.
Do.....	Akron & B. B. R. Co., Akron U. P. D. Co., and Zanesville T. R. Co.	(2)	Ownership of stock.
Delaware & H. R. Corp.....	Erie R. Co.....	34. 500	Purchase.
Des Moines & C. I. Ry. Co., and Murray M. Salzberg, Meyer P. Gross, and Morris H. Snerson. ³	Fort Dodge, D. M. & S. Ry. Co.	143. 700	Ownership of stock.
Erie R. Co.....	Delaware, L. & W. R. Co.....	3. 300	Trackage rights.
Do.....	Delaware, L. & W. R. Co.....	2. 800	Do.
Federal B. L., Inc.....	Birmingham S. R. Co.....	1. 980	Modified operating agreement.
Great Northern Ry. Co.....	Minneapolis, St. P. & S. S. M. R. Co.	29. 090	Joint use.
Illinois-Missouri T. Ry. Co., Bal- timore & O. R. Co., Chicago & E. I. R. Co., Chicago, B. & Q. R. Co., Chicago, R. I. & P. R. Co., Gulf, M. & O. R. Co., Litchfield & M. Ry. Co., Mississippi V. Corp., New York, C. & St. L. R. Co., St. Louis-San Francisco Ry. Co., Wabash R. Co., Illinois Central R. Co., Pennsylvania R. Co., and Pennsylvania Co.	Illinois Term. R. Co.....	354. 590	Purchase and ownership of stock.
Lakeland Ry. Co., Inc.....	City of Lakeland.....	9. 270	Purchase.
Lehigh & N. E. R. Co.....	New York, S. & W. R. Co.....	18. 500	Do.
Maine Central R. Co.....	European & N. A. Ry.....	117. 899	Do.
Minneapolis & St. L. Ry. Co.....	Minnesota W. Ry. Co.....	111. 880	Control.
Minneapolis, N. & S. Ry.....	Electric Short Line Term.....	3. 120	Merger.
Minneapolis, St. P. & S. S. M. R. Co.	Great Northern Ry. Co.....	24. 300	Joint use.
Minnesota W. Ry. Co.....	Minneapolis, N. & S. Ry. et al.	5. 250	Trackage rights.
New Jersey & N. Y. R. Co., trustee..	Delaware, L. & W. R. Co. et al.	3. 804	Do.
New York Central R. Co.....	Baltimore & O. R. Co.....	1. 000	Use of ferry.
New York, C. & St. L. R. Co. et al.....	Newburgh & S. S. Ry. Co.....	2. 000	Trackage rights.
Oregon-W. R. & N. Co. et al.....	Northern P. T. Co. of Oreg.....	5. 100	Joint use.
Pence Automobile Co. et al.....	(9)	(9)	Modify agreement.
Penndel Co.....	Electric Short Line Term.....	3. 120	Control.
	Lykens V. R. & C. Co.....	15. 380	Merger.

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*Authorizations under section 5 (2) of the Interstate Commerce Act, as amended,
involving railroad properties—Continued*

Acquiring carrier	Owning carrier	Miles	How acquired
Pennsylvania R. Co.....	Cleveland & P. R. Co.....	199.930	Modified lease.
Do.....	Delaware R. Co.....	244.880	Do.
Do.....	Erie & P. R. Co.....	83.010	Do.
Do.....	Northern C. Ry. Co.....	251.070	Do.
Do.....	Pittsburgh, F. W. & C. Ry. Co.	499.830	Do.
Do.....	Pittsburgh, Y. & A. Ry. Co.	141.190	Do.
Do.....	New York C. R. Co.....	17.140	Trackage rights.
Pennsylvania R. Co., and Philadel- phia, B. & W. R. Co.	Delaware, M. & V. R. Co...	103.550	Merger and ownership of stock.
Pennsylvania R. Co., and United N. J. R. & C. Co.	New York B. R. Co.....	12.900	Merger, ownership of stock, and modified lease.
Pennsylvania R. Co., and Northern Central Ry. Co.	Elmira & L. O. R. Co.....	108.020	Do.
Pennsylvania R. Co., and Pennsyl- vania Co.	Connecting Ry. Co.....	735.330	Ownership of stock and lease.
Pennsylvania R. Co., Pennsylvania Co., and Philadelphia, B. & W. R. Co.	Pittsburgh, C. C. & St. L. R. Co.	1929.000	Merger, ownership of stock, and modified lease.
Sacramento N. Ry.....	Western Pac. R. Co.....	2.460	Trackage rights.
Southern Ry. Co.....	Transylvania R. Co.....	32.120	Ownership of stock.
Texas & N. O. R. Co. et al.....	City of New Orleans.....	⁵ 16.160	Modify agreement.
Do.....	do.....	⁵ 15.31	Do.
Waterloo R. Co., Chicago, R. I. & P. R. Co., and Illinois Central R. Co.	Waterloo, C. F. & N. R.....	90.500	Purchase and ownership of stock.
Wellsville, A. & G. R. Corp., and Murray M. Salzberg, Meyer P. Gross, and Morris H. Snerson. ³	Baltimore & O. R. Co.....	97.180	Do.

¹ Involves closing of junction house.² Two terminal companies and a depot company.³ Individuals.⁴ Involves terminal facilities at Portland, Oreg.⁵ Involves bridge at New Orleans, La.*Authorizations under section 5 (2) of the Interstate Commerce Act, as amended,
involving water carriers*

Acquiring carrier	Owning carrier	Service	How acquired
Blaske, Inc., and American B. L. Co.	Blaske L., Inc.....	Mississippi River.....	Purchase and owner- ship of stock.
McAllister B., Inc., and James P., Gerard M. and Anthony J. McAllister. ¹	New London F. L., Inc.	Long Island Sound....	Ownership of stock.
Low S. Russell, Sr., and Jr., Beulah H. and Margery Rus- sell, Robert W. and Betty Lou Thomayer. ¹	Albany B. L., Inc., Russell T. & M. Co., Tidewater-Shav- er B. L., Inc., Con- solidated N. Co., and Babbidge & H., Inc.	Willamette River and tributaries.	Do.

¹ Individuals.

Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 20a of the Interstate Commerce Act and section 77 of the Bankruptcy Act, and special applications for exemption from competitive bidding

Stock, common:	
For merger.....	\$18, 072, 700
For acquisition of property and working capital.....	¹ 1, 000
For exchange for par value stock.....	¹ 532, 868
For conversion of preferred stock.....	¹ 61, 290
For payment of accumulated dividend arrears.....	¹ 128, 597
For acquisition of stock of another company.....	500, 000
For stock dividend.....	{ 2, 515, 000
	¹ 31, 213
For stock splitup.....	{ 672, 496, 060
	¹ 9, 478, 589
For redemption of bonds.....	29, 761
For reorganization under sec. 77.....	{ 7, 500, 000
	¹ 1, 958, 215
For conversion of debentures.....	54, 710, 000
For acquisition of properties of other companies.....	{ 35, 000
	¹ 1, 200
For rehabilitation of road and equipment.....	10, 000
For satisfaction of judgment against applicant.....	6, 100
For capital purposes.....	{ 10, 000, 000
	¹ 95, 000
For exchange of preferred stock.....	¹ 154, 000
For replacement of void stock.....	15, 700
Total.....	{ 765, 890, 321
	¹ 12, 441, 972
Stock, preferred:	
Incident to merger of carriers.....	18, 305, 200
For payment of indebtedness.....	215, 779
For stock splitup.....	283, 742, 600
Total.....	302, 263, 579
Total stock.....	{ 1, 068, 153, 900
	¹ 12, 441, 972
Debentures:	
In exchange for preferred stock.....	62, 100, 000
For reorganization under sec. 77.....	100, 579, 000
In exchange for income bonds.....	54, 710, 000
Total.....	217, 389, 000
Bonds, collateral trust:	
In exchange for capital stock of other companies.....	9, 333, 200

¹ Shares without par value.

Bonds, mortgage:

For acquisition of property of another company	\$3, 114, 500
For reorganization under sec. 77	456, 320, 000
For acquisition of property of another company and for working capital	150, 000
For modification incident to merger	41, 887, 000
For reimbursement of treasury and for pledge	363, 600
For pledge	52, 481, 900
For extension of maturity date	6, 437, 000
For exchange of like amount of bonds	3, 294, 000
For redemption of bonds	8, 000, 000
For reimbursement of treasury	66, 930, 000
For refunding purposes	32, 000, 000
To satisfy judgment against applicant	10, 350

Total	670,988,350
-------	-------------

Total bonds	680,321,550
-------------	-------------

Notes, secured:

For construction of facilities	460,000
For payment of indebtedness	840,000
For working capital	1,400,000
For acquisition of line of road	2,500,000
For rehabilitation of property and for working capital	10,000,000
For refunding purposes	28,980,000
For capital purposes	1,584,000
For corporate purposes	4,100,000
For reimbursement of treasury	681,960

Total	50,545,960
-------	------------

Notes, unsecured:

For refunding purposes.....	4,769,900
For redemption of prior preference stock.....	1,300,000
For acquisition of properties of other companies.....	20,015,635
For capital purposes.....	1,500,000

Total	27, 585, 535
-------	--------------

Notes, sinking fund (or debentures in exchange):

For refunding purposes-----	1, 624, 000
-----------------------------	-------------

Assumption of obligation and liability:

Bonds-----	\$370,949,275
Equipment trust certificates-----	322,058,000
Unsecured notes-----	20,015,635

Total	713, 022, 910
-------	---------------

Total notes	79,755,495
-------------	------------

Special applications for exemption from competitive bidding requirement:

Bonds	\$3, 321, 000
Unsecured notes	1, 624, 000

Total.....	4, 945, 000
------------	-------------

Total	1, 318, 880
Grand total securities	<div style="display: inline-block; vertical-align: middle;"> <div style="display: inline-block; vertical-align: middle;">\$2, 045, 619, 945</div> <div style="display: inline-block; vertical-align: middle;">1 12, 441, 972</div> </div>

130 applications filed.

122 applications approved.

5 applications dismissed.

1 application denied.

¹ Shares without par value.

Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 214 of the Interstate Commerce Act, as amended

Stock, common:

For acquisition of stock of another company	\$267, 083
	¹ 1, 809
For stock dividend	2, 917, 940
For acquisition of equipment and construction of facilities	586, 250
For stock purchase options	282, 615
For acquisition of properties of other companies	96, 920
For redemption of preference stock	140, 473
For stock splitup	5, 903, 173
For capital purposes	1, 212, 600
For working capital	154, 832
For merger of properties	1, 805, 736
For refunding purposes and for working capital	125, 000
For conversion of debentures and preferred stock	446, 191
For payment of indebtedness	101, 000
For reclassification of stock	3, 741, 004
Total	17, 780, 817
	¹ 1, 809

Stock, preferred:

For merger	\$4, 602, 800
For acquisition of stock of another company	300, 000
For stock dividend	1, 103, 500
For reclassification of stock	400, 000
Total	\$6, 406, 300

Total stock	24, 187, 117
	¹ 1, 809

Bonds, mortgage:

For merger	1, 000, 000
For refunding purposes	1, 000, 000
Total	2, 000, 000

Bonds, scire facias:

Incident to merger	2, 000, 000
Total bonds	4, 000, 000

Debentures:

For refunding purposes and for working capital	2, 000, 000
For acquisition of stock of another company	2, 000, 000
Total debentures	4, 000, 000

Notes, secured:

For construction of facilities	1, 850, 000
For payment of equipment obligations and acquisition of equipment	3, 199, 309
For working capital	575, 000
For refunding purposes	2, 429, 595
For reimbursement of treasury	508, 000
For merger	2, 050, 000
Total	10, 611, 904

¹ Shares without par value.

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Notes, unsecured:

For acquisition of stock of another company.....	\$2, 145, 990
For acquisition of property of other companies.....	110, 000
For payment of indebtedness and purchase of equipment.....	1, 150, 000
For corporate purposes.....	2, 750, 000
For merger.....	2, 125, 000
For construction of facilities and for working capital.....	2, 750, 000

Total..... 11, 030, 990

Total notes..... 21, 642, 894

Assumption of obligation and liability:

Secured notes.....	\$643, 512
Unsecured.....	1, 028, 200

Total..... 1, 671, 712

Grand total securities..... { 53, 830, 011
1, 809

83 applications filed.

65 applications approved.

2 applications dismissed.

1 application denied.

¹ Shares without par value.

Bond and debenture issue sold at competitive bidding, authorized under section 20a of the Interstate Commerce Act, as amended, from Nov. 1, 1955, to Oct. 31, 1956

Name of company and description of issue	Year	Principal amount	Coupon rate	Date bids opened	Number bids	Price to company	Interest cost	Price to public	Gross spread
Southern Pacific Co..	1983	\$35, 000, 000	Per-cent 5¼	Sept. 19, 1956	66	99.38	Per-cent 5.29	100.00	0.62

APPENDIX D

RAILROAD COMPANIES IN REORGANIZATION (OR RECEIVERSHIP) PROCEEDINGS

	<i>Miles of line op- erated</i> ¹
Proceedings under section 77 of the Bankruptcy Act:	
Boston & Providence Railroad Corporation ² -----	39
Chicago Tunnel Company-----	571
Chicago Tunnel Terminal Company ³ -----	19
Florida East Coast Railway Company-----	38
Lackawanna and Wyoming Valley Railroad Company-----	541
New Jersey & New York Railroad Company-----	
New York, Ontario & Western Railway Company-----	
Smithfield Terminal Railway Company ⁴ -----	
Proceedings under chapter X of the Bankruptcy Act:	
Hudson & Manhattan Railroad Company-----	8
Receivership proceedings:	
Georgia & Florida Railroad-----	335
Smoky Mountain Railroad-----	31
Tallulah Falls Railway Company-----	57
Waco, Beaumont, Trinity & Sabine Railway Company-----	18

¹ As of June 30, 1956.

² Owned mileage 64. Leased to Old Colony Railroad Company; operated by New York, New Haven & Hartford Railroad Company.

³ Owns 8.70 miles of sidings and turnouts operated by the Chicago Tunnel Company.

⁴ Owned mileage 1. No operations being conducted.

Mileage of line-haul steam railroads operated by receivers or trustees at various dates

Year ¹	Miles of road operated by receivers at close of year	Miles of road operated by trustees at close of year	Miles of road operated by both receivers and trustees at close of year	Total miles of road op- erated at close of year. All line-haul companies	Percent of total mile- age op- erated by re- ceivers or trustees
1895-----	37,855.80	-----	37,855.80	177,746	21.30
1900-----	4,177.91	-----	4,177.91	192,556	2.17
1905-----	795.82	-----	795.82	216,974	.37
1910-----	5,257.03	-----	5,257.03	240,831	2.18
1915-----	30,223.05	-----	30,223.05	257,569	11.73
1920-----	16,290.17	-----	16,290.17	259,941	6.27
1925-----	18,686.99	-----	18,686.99	258,631	7.23
1930-----	9,486.28	-----	9,486.28	260,440	3.64
1935-----	15,920.00	52,425.00	68,345.00	252,930	27.02
1940-----	11,658.00	63,612.00	75,270.00	245,740	30.63
1945-----	5,088.00	34,626.00	39,714.00	239,438	16.59
1950-----	638.00	11,585.00	12,223.00	236,857	5.16
1953-----	465.00	11,589.00	12,054.00	234,959	5.13
1954-----	441.00	11,167.00	11,608.00	234,342	4.95
1955-----	441.00	1,497.00	1,938.00	233,955	8.3

¹ As of June 30, 1895 to 1915, inclusive. As of Dec. 31, 1920 to 1955, inclusive.

APPENDIX E

SUMMARY OF INDICTMENTS, INFORMATIONS, AND COMPLAINTS PENDING IN UNITED STATES DISTRICT COURTS ON OCTOBER 31, 1956, CHARGING VIOLATIONS OF THE INTERSTATE COMMERCE ACT, PARTS I, III, AND IV, THE ELKINS ACT, AND THE TRANSPORTATION OF EXPLOSIVES ACT

United States v. Alabama Great Southern R. Co., northern district of Alabama. September 14, 1956, information charging defendant with violations of Part I of the Interstate Commerce Act and of section 1 of the Elkins Act; 6 counts.

United States v. Chicago & North Western Ry. Co., northern district of Illinois. December 27, 1955, complaint charging violations of Service Order No. 904.

United States v. Columbus & Greenville Ry. Co., northern district of Mississippi. November 8, 1954, information charging defendant with granting unlawful concessions through failure to collect lawful demurrage charges; 2 counts.

United States v. John W. Harrell, district of Maryland. July 2, 1956, information charging defendant with accepting unlawful concessions in violation of section 1 of the Elkins Act; 8 counts.

United States v. Louisville Produce Assn., Inc., western district of Kentucky. May 11, 1956, information charging defendant with accepting unlawful concessions in violation of section 1 of the Elkins Act; 20 counts.

United States v. Missouri-Kansas-Texas R. of Texas, northern district of Texas. July 10, 1956, complaint charging violations of Service Order No. 904.

United States v. New York Central R. Co., northern district of New York. October 18, 1956, information charging defendant with violation of the Commission's Regulations Governing the Transportation of Explosives; 1 count.

United States v. Public Storage & Forwarding Co., northern district of Mississippi. November 8, 1954, information charging defendant with accepting unlawful concessions for failing to pay lawful demurrage charges; 2 counts.

United States v. Southern Ry. Co., western district of Kentucky. May 11, 1956, information charging defendant with granting unlawful concessions in violation of section 1 of the Elkins Act; 30 counts.

SUMMARY OF DISPOSITION, DURING THE YEAR, NOVEMBER 1, 1955, TO OCTOBER 31, 1956, OF INDICTMENTS RETURNED AND INFORMATION AND COMPLAINTS FILED IN THE UNITED STATES DISTRICT COURTS, CHARGING VIOLATIONS OF THE INTERSTATE COMMERCE ACT, PARTS I, III, AND IV, THE ELKINS ACT, AND THE TRANSPORTATION OF EXPLOSIVES ACT

United States v. Baltimore & Ohio R. Co., northern district of Illinois, complaint charging violations of Service Order 904. March 13, 1956, consent judgment entered in the amount of \$2,500.

United States v. J. Behr & Sons Corp., northern district of Illinois, information in 6 counts charging defendant with receiving unlawful concessions in violation of section 1 of the Elkins Act. November 8, 1955, plea of *nolo contendere* entered and a fine of \$12,000 was imposed.

United States v. Chicago, Rock Island & Pacific R. Co., northern district of Texas, complaint charging violations of Service Order No. 904. October 8, 1956, judgment entered in the amount of \$2,500.

United States v. Denver & Rio Grande Western R. Co., district of Colorado, information in 3 counts charging violations of the Commission's Regulations Governing the Transportation of Explosives. March 23, 1956, plea of guilty entered and a fine of \$300 was imposed.

United States v. Louisiana & Arkansas Ry Co., eastern district of Louisiana, information in 18 counts charging violations of the Commission's Regulations Governing the Transportation of Explosives. November 9, 1955, plea of guilty

entered to 10 counts and a fine of \$7,500 was imposed. Remaining counts were dismissed.

United States v. Missouri Pacific R. Co., eastern district of Missouri, information in 1 count charging violation of the Commission's Regulations Governing the Transportation of Explosives. March 23, 1956, plea of guilty entered and a fine of \$250 was imposed.

United States v. New York Central R. Co., northern district of Illinois, complaint charging violations of Service Order No. 904. April 30, 1956, consent judgment entered in the amount of \$2,500.

United States v. New York, Chicago & St. Louis R. Co., northern district of Illinois, complaint charging violations of Service Order No. 904. May 8, 1956, judgment entered in the amount of \$2,500.

United States v. New York, Chicago & St. Louis R. Co., information in 1 count charging violation of the Commission's Regulations Governing the Transportation of Explosives. September 24, 1956, plea of guilty entered and a fine of \$300 was imposed.

United States v. Pennsylvania R. Co., northern district of Illinois, complaint charging violations of Service Order No. 904. March 13, 1956, consent judgment entered in the amount of \$2,500.

United States v. Progressive Clay Co., eastern district of Pennsylvania, information in 8 counts charging violations of section 1 of the Elkins Act by the device of filing false loss and damage claims. March 13, 1956, plea of *nolo contendere* entered and a fine of \$12,000 was imposed.

United States v. Progressive Clay Co., district of Maryland, information in 7 counts charging violations of section 1 of the Elkins Act by the device of filing false loss and damage claims. November 10, 1955, plea of guilty entered and a fine of \$10,500 was imposed.

United States v. Sonken-Galamba Corp., western district of Missouri, information in 5 counts charging defendant with receiving unlawful concessions in violation of section 1 of the Elkins Act. November 23, 1955, plea of *nolo contendere* entered and a fine of \$5,000 was imposed.

United States v. Union Pacific R. Co., district of Idaho, information in 2 counts charging violations of the Commission's Regulations Governing the Transportation of Explosives. September 4, 1956, plea of guilty entered and a fine of \$150 was imposed.

APPENDIX F

STATEMENT OF APPROPRIATIONS AND OBLIGATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 1956

An Act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1956, and for other purposes. (Public Law 112—84th Cong.—1st sess.) approved June 30, 1955; as amended by the Act of May 19, 1956, Public Law 533, 84th Cong.—2d sess.

General Expenses: For necessary expenses of the Interstate Commerce Commission not otherwise provided for, including not to exceed \$5,000 for employment of special counsel; services as authorized by section 15 of the act of Aug. 2, 1946 (5 U. S. C. 55a), at rates not to exceed \$50 per diem for individuals; newspapers (not to exceed \$200); purchase of not to exceed 40 passenger motor vehicles, of which 20 shall be for replacement only; and not to exceed \$397,000 for expenses of travel; \$10,437,000, of which \$125,000 shall be available for expenses necessary to carry out such defense mobilization functions as may be delegated pursuant to law: Provided, That Joint Board members and cooperating State Commissioners may use Government Transportation requests when traveling in connection with their duties as such-----	\$10, 437, 000
Second Supplemental Appropriation Act, 1956, approved May 19, 1956 (Public Law 533, 84th Cong.)-----	670, 000
Amount available-----	<u>11, 107, 000</u>

Railroad Safety: For expenses necessary in performing functions authorized by law (45 U. S. C. 1-15, 17-21, 34-46, 61-64; 49 U. S. C. 26) to insure a maximum of safety in the operation of railroads, including authority to investigate, test experimentally, and report on the use and need of any appliances or systems intended to promote the safety of railway operation, including those pertaining to block-signal and train-control systems, as authorized by the joint resolution approved June 30, 1906, and the Sundry Civil Act of May 27, 1908 (45 U. S. C. 35-37), and to require carriers by railroad subject to the Act to install automatic train-stop or train-control devices as prescribed by the Commission (49 U. S. C. 26), including the employment of inspectors and engineers, and including not to exceed \$176,000 for expenses of travel-----	974, 500
Second Supplemental Appropriation Act, 1956, approved May 19, 1956 (Public Law 533, 84th Cong.)-----	60, 500
Amount available-----	<u>1, 035, 000</u>

Locomotive Inspection: For expenses necessary in the enforcement of the act of Feb. 17, 1911, entitled "An Act to promote the safety of employees and travelers upon railroads by compelling common carriers engaged in interstate commerce to equip their locomotives with safe and suitable boilers and appurtenances thereto," as amended (45 U. S. C. 22-34), including not to exceed \$124,000 for expenses of travel-----	709, 500
Second Supplemental Appropriation Act, 1956, approved May 19, 1956 (Public Law 533, 84th Cong.)-----	44, 500
Amount available-----	<u>754, 000</u>
Total amount available-----	<u>12, 896, 000</u>

Obligations and unobligated balances of appropriations as of June 30, 1956. The obligations shown represent net obligations after deducting reimbursements from non-Federal sources and all credits for services and salaries charged to other Government activities.

Net obligations under appropriations for the fiscal year ended

June 30, 1956:

General expenses	\$11, 096, 692
Railroad safety	1, 027, 390
Locomotive inspection	749, 543

Total obligations	<u>12, 873, 625</u>
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Unobligated balances of appropriations:

General expenses	10, 308
Railroad safety	7, 610
Locomotive inspection	4, 457

Total unobligated balances	<u>22, 375</u>
----------------------------	----------------

Statement of receipts from fees and charges during the fiscal year ended June 30, 1956:

Fees and other charges for administrative, professional and scientific services, not otherwise classified	2, 892
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Unearned fees, admission of attorneys, Interstate Commerce Commission	6, 090
---	--------

Duplications of records and other documents	20, 775
---	---------

Sale of publications and reproductions, not otherwise classified	18, 212
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Fees and other charges for miscellaneous services, not otherwise classified	16, 150
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Total receipts from fees and charges	<u>64, 119</u>
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